

**SRS HOLDINGS CO., LTD.**

Institutional Investor and Analyst IR Meeting

22 Jun 2026

## Event Summary

<b>[Company Name]</b>	SRS HOLDINGS CO., LTD.
<b>[Company ID]</b>	8163-QCODE
<b>[Event Language]</b>	JPN
<b>[Event Type]</b>	Analyst Meeting
<b>[Event Name]</b>	Institutional Investor and Analyst IR Meeting
<b>[Fiscal Period]</b>	N/A Not Applicable
<b>[Date]</b>	22 Jun 2026
<b>[Time]</b>	15:30 – 16:29 (Total: 59 minutes, Presentation: 41 minutes, Q&A: 18 minutes)
<b>[Venue]</b>	Kabutocho Heiwa Building 3 3-3 Nihonbashi Kabutocho Chuo Ward Tokyo 103-0026
<b>[Venue Size]</b>	145m2
<b>[Participants]</b>	
<b>[Number of Speakers]</b>	1 Masahiko Shigesato President & Chief Executive Officer
<b>[Analyst Names]</b>	Kojima Analysis Public Relations Laboratory Kawarazaki Japan Investment Adviser Co., Ltd. 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:** It is now time to begin the IR meeting for SRS HOLDINGS CO., LTD. This IR meeting will be held in a hybrid format, combining an in-person venue with a live-streamed online format. First, let me introduce the person joining us from the company. We have with us Masahiko Shigesato, President and Representative Executive Officer.

**Shigesato:** I am Shigesato, President and Representative Director of SRS HOLDINGS CO., LTD. Thank you for your time today.

**Moderator:** Today, we will have an explanation from our President, Mr. Shigesato. After the explanation, we will take questions from the audience here in the venue. After that, we also plan to take questions from those participating online. For those who wish to ask questions online, please enter your company name and name, and submit your questions via chat. Questions can be submitted during the presentation as well. We have also prepared a survey, and we would appreciate your cooperation after the presentation. We now look forward to your participation.

**Shigesato:** I am Masahiko Shigesato, Representative Director, Executive Officer, and President of SRS HOLDINGS CO., LTD., who was just introduced. Thank you very much for taking the time to attend our IR meeting today. Actually, we held our financial results briefing here on May 25th last month and provided an explanation. The purpose of today's meeting is that the previous session on May 25th was primarily focused on reporting the financial results for FY2026 ending in March and explaining this fiscal year's business plan. Therefore, we have organized this IR meeting as an opportunity to provide a more targeted explanation to investors, focusing on our company's current situation, what kind of company we are, and what growth we are aiming for going forward. We would greatly appreciate your attention for a short while. Thank you very much for your kind attention. The Executive Summary provides a brief overview of the content we will now explain. If we explain all of this now, we would finish today's entire discussion, so we have prepared this on the first page for you to review as a simple summary of today's presentation. First, I will explain our company overview. As for the characteristics of the SRS Group, we are a restaurant industry company that operates restaurants specializing in Japanese cuisine both domestically and internationally. In the past, we actually operated Western-style restaurants and others, but currently we have focused our resources on Japanese cuisine and are a company that operates multi-brand restaurants offering Japanese food to customers across a wide range of price points. Since we originally started in Osaka, we are a company that has formed a dominant presence centered in the Kansai region and centered on directly-operated stores. Since the Lehman Shock, we have actively promoted M&A and have grown discontinuously to reach our current state. The company was established in 1968, and its founding dates back to 1958. Consolidated net sales for FY2025 (the fiscal year ending March 2026) are JPY76.421 billion, with 780 group stores, 1,927 full-time employees, and a market capitalization of approximately JPY50 billion. The company is currently listed on the Tokyo Stock Exchange Prime Market. Next, I will discuss the sales and profit status within the company overview. This shows the growth rate after the COVID period, and sales growth has been very steady. Sales grew from JPY60.0 billion in FY2023 to approximately JPY67.0 billion in FY2024, and JPY76.0 billion in the previous fiscal year, demonstrating steady growth. Ordinary income has also grown steadily, from JPY2.1 billion in FY2023 to JPY2.5 billion in FY2024, and JPY2.9 billion, approximately JPY3.0 billion, in

FY2025. Regarding the sales composition by major business segment, please refer to the pie chart on the right. Washoku Sato is the largest segment, and there are three gourmet sushi chain formats, which together account for approximately 29.7%, making up two-thirds in total. The main restaurant formats of our group are the family restaurant Washoku Sato and the three gourmet conveyor belt sushi formats, Nigiri Chojiro, Umai Sushikan, and Kaiten Sushi Hokkaido/Sushi Benkei. Combined, these are currently very important formats for us. I will now move on to introducing these main formats. Washoku Sato, which operates as a Japanese-style family restaurant, achieved sales of JPY29.1 billion in the fiscal year ending March 2026, growing to nearly JPY30.0 billion. The number of stores is 201. We closed several unprofitable stores during the COVID period, so it may appear that growth has stalled, but this is simply the result of completing the consolidation of unprofitable stores, and we will continue to expand our store network going forward. We will explain this in more detail later. We originally operated as a Japanese-style family restaurant. In 2009, we launched Satoshabu, an all-you-can-eat shabu-shabu menu. Currently, in addition to offering a very wide variety of Japanese dishes as a Japanese family restaurant, we are also able to simultaneously provide all-you-can-eat options such as shabu-shabu, sukiyaki, and yakiniku. As we will explain later, since last year, we have also begun expanding into the Chugoku region. Next is Nigiri Chojiro, our gourmet conveyor belt sushi brand. Sales were JPY14.8 billion in the previous fiscal year with 73 stores, and store locations are concentrated in the Kinki and Chubu regions. Currently, there are only two stores in the Kanto region. Unlike the traditional JPY100 conveyor belt sushi restaurants of the past, the stores maintain a clear distinction by featuring live fish tanks inside, where skilled chefs demonstrate their craftsmanship by preparing fresh fish. By differentiating themselves in this way and offering seasonal sushi as a restaurant close to a fish market sushi style within the conveyor belt format, we believe this is the defining characteristic of Nigiri Chojiro. And then there is Umai Shikan, the gourmet conveyor belt sushi restaurant. This generated net sales of JPY6.79 billion in the previous fiscal year, with 33 stores. The locations where stores were opened started in Miyagi, Sendai. The primary regions for store openings had been in the Tohoku area until now. We have now started expanding into the Kanto region. We hold buying rights, known as "baisan-ken," at ports such as Ishinomaki City and Sendai Port, which allow us to purchase fish directly. As a result, this business model enables us to offer very fresh and delicious fish at more reasonable prices. Furthermore, on the right side of the gourmet conveyor belt sushi category, we have Kaiten Sushi Hokkaido and Sushi Benkei. Net sales were JPY1.08 billion. This represents H2 sales, as this company was acquired through M&A last fiscal year. The store locations are limited to Tottori and Shimane in the San'in region, with only six stores so far. While some of you may not have visited the area, it is a brand that everyone in San'in knows, and it is clearly the top sushi business in the region. Even within our group, it is overwhelmingly number one in terms of customer count, so it would be fair to say it is the number one restaurant business in the region. This restaurant joined our group in the previous fiscal year. Next, let me discuss the store opening status by region. As we explained earlier, our group started in Osaka. We have 461 stores in the Kinki region. The next largest regions are Chubu and Kanto, with 108 and 105 stores, respectively. Until now, approximately 60% of our stores have been concentrated in the Kinki region. This is because, after considering various aspects such as logistics and procurement, we found it very effective to develop efficient store dominance. As you can see, store dominance has already been established almost entirely in the Kansai region. We are currently pursuing M&A with the vision of expanding this as a national brand throughout Japan. Of course, we are also considering organic growth as part of our vision. Now, regarding the equity story, there are equity stories one, two, and three. The first one is the nationalization of the Washoku Sato brand. The second one is achieving an overwhelming number one position in the gourmet conveyor belt sushi category. We consider non-continuous growth through M&A to be the key to our future

growth. We have outlined the basic policy of our medium-term management plan and our Key Strategies. Our basic policy is to achieve overwhelming No. one position as a Japanese restaurant chain group through dramatic development of existing businesses and establishment of a new profit base. As I mentioned earlier in our equity story, one of our Key Strategies is to develop Washoku Sato into a national brand. The second of our Key Strategies is to achieve an overwhelmingly dominant number one position for our gourmet conveyor belt sushi brands, Nigiri Chojiro and Umai Sushikan, and to establish businesses that will become our third and fourth profit pillars. Finally, by the end of the current medium-term management plan, we plan to become a group with sales exceeding JPY100 billion. At that time, we have positioned the strengthening of group functions and the further enhancement of headquarters functions to promote sustainable management as our Key Strategies. Story One involves making Washoku Sato a national brand. As I mentioned earlier, Washoku Sato is now growing as a restaurant format where customers can enjoy both Japanese family restaurant and all-you-can-eat menus. The scenes or needs, I should say, where customers choose us. We believe that we have reached where we are today as a result of expanding this. Before the Lehman Shock, we had a challenging environment partly because we had not yet introduced the all-you-can-eat format, but this all-you-can-eat business has increased sales per store and transformed our profit structure to one where investment recovery progresses more easily. As a result, this has led to an acceleration of new store openings. For your reference, the sales composition by time segment is shown there. Lunch is still mainly used as a Japanese-style family restaurant, as it has been traditionally. Furthermore, lunch time is a period when customers are particularly price-sensitive, and amid the current situation of rising costs, by adding revenue from initiatives such as all-you-can-eat options, we are working to minimize price increases and maintain customer traffic. On the other hand, during dinner time, the share of all-you-can-eat options increases, and while there are certainly some customers who enjoy all-you-can-eat during lunch as well, the primary focus is on dinner, with families particularly enjoying these menu options during dinner on weekends and holidays. As a result, all-you-can-eat options account for approximately 31% of total sales across the entire day. As a result of this boosting overall sales at Washoku Sato, sales per store and profitability have increased. When comparing sales and profit per store before the launch of the all-you-can-eat option with FY2025 (the fiscal year ending March 2026), sales increased by approximately 24% and profit increased by approximately 72%. This is contributing to further expansion of the number of stores. The reason we place importance on this is, as shown on the right, our operational capabilities that support an overwhelming number of menu items. We have been operating as a comprehensive Japanese restaurant. As I mentioned earlier, our group is currently aiming for growth as a restaurant industry specialized in Japanese cuisine. In such an environment, in order to provide a wide variety of menu items, we really need to strengthen our operational capabilities on the kitchen side, and not only that but also on the floor side. Without doing so, it would be difficult to serve customers within a timeframe that satisfies them. Even now, what customers are most concerned about is being kept waiting. In our chain business, we receive many comments from customers about this issue. To provide such a wide variety of menu items without causing any dissatisfaction to customers, offering not only the menu of a regular family restaurant and a Japanese-style family restaurant, but also an all-you-can-eat menu where customers can have multiple refills, is by no means an easy task. As written here, we provide up to 145 menu items in various forms. As a result, we are meeting the needs of customers who want to eat a variety of different items. The biggest reason or basis for believing that Wasato can become a national brand is that we think there is probably no other company that could build this from scratch now, and to put it another way, we believe it would be more typical to consider that aiming for success and growth with a business focused on a narrower range of items would be a shorter path rather than doing this at this point. That is precisely

why we are now approaching this with the determination to achieve further evolution as, hopefully, Japan's only business format of this kind by carrying this through to completion. In that sense, we are currently considering expanding nationwide with the expectation of continued growth as a unique, one-of-a-kind business format. This is because Washoku Sato currently only operates in the prefectures colored in red. In that sense, it can be said that we have developed a highly dominant and efficient store network, but when we look at whether there are Japanese restaurant businesses forming dominant areas in the Tohoku, Chugoku, Shikoku, and Kyushu regions, or strong Japanese restaurant chain businesses in these areas, as far as I can see, there are not that many, and when we consider whether there is sufficient demand, we believe that demand certainly exists. In fact, the profitability of Washoku Sato is overwhelmingly higher in suburban and regional areas than in the center of urban areas. In this sense, if we can gain recognition from customers in regional areas, we believe we can achieve even higher overall profitability through our business expansion. As we are advancing M&A and other initiatives in our other businesses, we are gradually becoming able to expand our logistics network nationwide. Of course, that is also one challenge in this medium-term management plan, but we believe that what is required of us now, or what we are aiming for, is to achieve this in parallel with the strengthening of our headquarters that I mentioned earlier. For reference, the right side shows the number of Washoku Sato restaurants per one million people by prefecture. Kyoto Prefecture has the highest number at 8.3 restaurants per one million people, and as you can see, it is almost entirely in the Kansai region. Looking at Shizuoka Prefecture, which is not our home base like Kansai but still has decent profitability, the number is approximately 2.6 restaurants. Considering that we can expand at least to this level in any prefecture, we believe there is a potential market for approximately 400 restaurants domestically. The challenge for our group is how quickly we can proceed with this expansion. As I mentioned earlier, we actually entered Okayama last year and Hiroshima this year. When we compared the initial sales at the launch of new stores, Okayama Prefecture's sales got off to a very strong start. This is very encouraging, and the results so far are supporting the development of Washoku Sato as a national brand. By the fiscal year ending March 2030, we plan to add 35 stores, focusing on the areas marked with circles on the right side, advancing our store openings to move closer to becoming a national brand. Next, regarding Equity Story two, we aim to achieve the position as the overwhelming number one gourmet sushi chain. The gourmet sushi market, as I mentioned earlier with Sushi Benkei and Sushi Hokkaido in Tottori and Shimane, is highly fragmented across regional areas, with many local chains. Of course, many of them only have a few stores. Among them, there are quite a few stores that are very well-received by local customers and attract a large number of customers. Given this situation, unlike Washoku Sato, we are considering expanding this segment and increasing market share while keeping M&A in view. Although this is just our estimate, we currently believe that the gourmet sushi market is worth approximately JPY150 billion. We estimate that our group's current market share is approximately 16%. We are confident that we are currently competing for the top position. As written there, Gourmet Sushi is highly specialized and, as I mentioned earlier, we are charging accordingly high prices for it. While this is the unit price per receipt and slightly different from the average customer spending, it is approximately double. Compared to the business format that was previously known as JPY100 conveyor belt sushi, the unit price is higher. Of course, in order to meet these expectations, we must provide customers with commensurate value. In that sense, the barriers to entry are by no means low in this industry in terms of procurement, chefs who can prepare the ingredients, their training, and recruitment. In that sense, we, who are currently ahead in this area, expect to leverage these advantages to achieve further growth going forward. The prefectures colored on this map are where our group operates gourmet conveyor belt sushi restaurants. This expansion has been largely driven by the effects of M&A. In the Kinki region, Nigiri Chojiro ranks first. And in the Tohoku region alone, Umai

Sushikan ranks second. In the San'in region, Kaitensushi Hokkaido and Sushi Benkei rank first. Given this situation with a strong local presence, when it comes to M&A going forward, while it involves the other party, it has been approximately 20 to 30 years since gourmet conveyor belt sushi emerged in the market. Currently, various issues are emerging in this industry, including succession challenges. In that sense, the current situation is that the timing has become quite favorable for successful succession. Furthermore, the prices of various goods are soaring. In that sense, we believe that by pursuing volume benefits to a certain degree, we can maintain the value of our products and continue to provide them to customers. In that sense, we aim to become the overwhelming number one in the future through organic growth plus M&A. Of course, we also have in our sights organic growth by expanding into regions where there is sufficient market potential for the three gourmet conveyor belt sushi brands currently within our group. In fact, Nigiri Chojiro is targeting Gifu and Mie prefectures going forward. Umai Sushikan first entered Tochigi Prefecture. This year, the company also opened stores in Gunma. The company is also now looking to expand in the North Kanto area. By the fiscal year ending March 2030, the final year of the medium-term management plan, the company aims to become the overwhelming number one, with plans to expand the store count of SNS Group's gourmet sushi business to approximately 1.4 times the current level, reaching over 150 stores. In terms of sales, the company expects them to increase 1.6 times, and as we will discuss later, this is the business format that the Group anticipates will grow the most over the next five years. Regarding the training of craftsmen to support the store openings and operations that I just mentioned, each business has its own system and track record up to this point. Since last year, we have been putting considerable effort into recruitment as well. Right now, the biggest bottleneck in this business is people. Staff to operate the stores is the bottleneck of this business. In that sense, since last fiscal year, we have invested considerable money and time in recruiting people, and within a more enhanced training system, we are reducing the turnover rate and making maximum efforts now to ensure that we do not become a bottleneck for our future growth. And the reason why we, as our group, are focusing on this business now is shown here. On the left side, we have a comparison of sales and profitability within the SRS Group, which is a graph showing the sales ratio per store for each business versus gourmet conveyor belt sushi, as well as a comparison of profitability. In terms of sales, it is approximately 30% higher per store. Of course, this is also due to the higher unit price. Furthermore, the profit margin before amortization is six percentage points higher. In other words, the premise is that as this business expands, it will secure the same level of profitability as now, or even higher. By focusing on this area, we expect the profitability of the entire corporate group to improve as well. And as shown on the right side, while I mentioned earlier the current sales composition ratio between Washoku Sato and Gourmet Kaiten Sushi, by March FY2030, this Gourmet Sushi format will surpass Washoku Sato alone in terms of sales. Although Washoku Sato will also grow, by growing Gourmet Sushi even further, the sales composition ratio of this segment will exceed that of Washoku Sato. This forms one of the bases for ensuring the sales and profitability we announced in our current medium-term management plan. Lastly, for story number three, as has been the case until now, we have executed M&A focused on Japanese cuisine over the past ten-plus years to achieve non-continuous growth through M&A. And what we have always been conscious of is this the SRS Pyramid. We have aimed for growth while being conscious of this SRS Pyramid structure. The vertical axis shows price ranges, and the horizontal axis shows the number of stores. As you all know, naturally, if the unit price is low, it is easier to expand stores. This pyramid illustrates that businesses with high unit prices naturally have limitations in store expansion. As a result, the upper portion of the pyramid has been strengthened, and the profitability of each business has been improving. However, the low-price segment is still weak. Although it has been growing compared to the past, this is a business that supports the bottom of the pyramid, so we need to

focus more on this area going forward as well. Regarding this area, we are considering how to grow the businesses that are already listed here and currently in operation. Of course, we believe that the possibility of M&A is not zero either. We will leverage the strengths and individuality of each brand while, as I mentioned earlier, supporting these businesses through the strengthening of our headquarters and enhancing efficiency. While this is quite challenging, we have been making various efforts, such as standardizing procurement items to capture volume benefits and reduce logistics costs. However, the key point here is to leverage the strengths of each brand, and it is not a situation where we should simply combine everything together. The key is how to improve efficiency without diminishing the value of each business. In that sense, we will further enhance efficiency by increasing the unification of the administrative headquarters, including financial accounting and hiring, as well as store development and various other functions. While we are also consolidating procurement, though we have already unified it to some extent, there are still areas where operations remain centered on each individual business. We aim to further improve profitability and efficiency by consolidating such areas more into the headquarters as well. We have also been taking time to develop group apps and other tools to strengthen our marketing and public relations. In that sense, digital marketing in particular will become increasingly important going forward. Previously, we approached customers through newspaper inserts and flyers. In this era, fewer people subscribe to newspapers, so in that sense, digital marketing is very easy to unify and implement as a group. Currently, we have newly established a DX Promotion Division, where we are consolidating digital marketing and implementing it across all businesses in order to make our marketing more efficient. Furthermore, various headquarters functions and systems still remain somewhat fragmented due to M&A activities. In that sense, we believe that by aggressively promoting such DX initiatives over the next five years to consolidate headquarters systems, we can achieve a certain level of efficiency improvements. One of our Group's strengths is what happens after an M&A. Nigiri Chojiro has now become one of our major business formats. This was brought into the group through M&A in 2013. As stated here, to be honest, when they joined our group, they were facing rather challenging conditions in terms of profitability. However, the store count has now grown from 43 to 73 stores. Sales per store increased by 22%, and operating income also increased by 38%. The number of stores increased by 67%, as I mentioned earlier. Another example is Kazokutei. This is a pattern that significantly streamlined headquarters functions. This also shows a comparison before and after joining the SRS Group, with sales up approximately 12%. Meanwhile, operating income turned positive, reaching approximately 260% of the previous period. In that sense, the growth of Nigiri Chojiro accelerated after joining our group. In the case of Kazokutei, profitability improved significantly, and by leveraging the unique characteristics of each brand and applying our know-how, the companies we acquired through M&A have also achieved growth. Next, regarding the FY2025 financial results, we provided an explanation on May 25, so I will briefly touch on this. I will explain our business plan for FY2027. As I explained, in the fiscal year ended March 2026, net sales were JPY76.421 billion, operating income was JPY3.051 billion, and ordinary income was JPY2.994 billion, all of which achieved record highs, with 780 stores. Regarding this fiscal year's business plan, as some M&A deals, such as Sushi Benkei as I mentioned earlier, are only included for half the year, and considering such factors from the previous fiscal year, we are currently announcing that for FY2027, net sales will be JPY83.0 billion, operating income JPY3.2 billion, ordinary income JPY3.0 billion, and current net income attributable to owners of parent JPY1.8 billion. We are currently working toward achieving the online targets in the Mid-term Management Plan. As shown here, we are opening 40 stores - 37 company-operated stores and three FC stores - which represents a significant acceleration compared to before. In fact, our current progress is by no means poor. Opening new stores is very costly in the first year, so in that sense, it puts pressure on

operating income and ordinary income. Even so, we are working hard to achieve the plan we have announced today. Finally, regarding the shareholder benefit program, the dividend is JPY10 per share, as we have reported. In addition to this, as announced on June 16, we lowered the minimum number of shares required to qualify for the shareholder benefit program from 100 shares. Previously, we set the threshold at 1,000 shares or more to ensure a certain level of commitment to our company's management, and issued benefit vouchers to such shareholders as a token of our appreciation and to deepen their understanding of our business. There is also the expansion of NISA and other factors. In this situation, since our trading unit is 100 shares, we expanded our shareholder benefits at this time with the intention of better informing shareholders who hold 100 shares or more about our group, encouraging their participation in our management, and deepening their understanding of our business. Moving forward, taking these factors into consideration, we are committed to making efforts in our management to further increase returns to our shareholders. This concludes my presentation for today. Thank you for your kind attention.

## Question & Answer

**Moderator:** Thank you for your explanation. Now, as announced, we would like to begin with the Q&A session for those of you who are here in the venue. If you have any questions, please raise your hand and a staff member will bring you a microphone. Please note that we plan to transcribe and publish the full text of this IR meeting, including the Q&A session. If you wish to remain anonymous, please refrain from stating your name when asking questions. For those participating online, please enter your company name and name, and submit your questions via chat. We will read out only the questions. Do we have any questions? Yes, please go ahead.

**Kojima:** Thank you for your detailed explanation as always. My name is Kojima from the Analysis and Public Relations Research Institute. I would like to ask one question first. I have been hearing about your company for about 20 years, and I have been listening to your story with great interest even after the change to the current president. I apologize for asking such a fundamental question, but what do you think are the strengths of Japanese cuisine within the restaurant industry? What do you consider to be the key to successfully operating Japanese cuisine as a chain business? Since I have been observing for a long time, I would like to ask you this. When the current Chairman was President, he used to distribute thick service manual explanatory materials every time. While listening, I felt that the unique attention to detail characteristic of Japanese cuisine really came through. Since you became President, the results have shown a focus on Japanese cuisine formats, as you explained earlier, and I understand that approach. However, while listening, I didn't really get a strong sense of what makes Japanese cuisine so compelling when you focus on it, or what strengths emerge when you delve deeper into Japanese cuisine. But I believe you do have insights on this, so I would like to take this opportunity to hear your thoughts on it. I would like to hear about your personal commitment to Japanese cuisine and what strengths you see in running this Japanese cuisine business chain. I believe you were being modest, saying something like you do it because it is difficult and unprofitable, and because others do not do it. I would like to push back on that and say that it is not the case, and then I would very much like to hear what kind of breakthroughs you are achieving by taking on these difficult challenges. Thank you.

**Shigesato:** The reason we focus on Japanese cuisine is that Japanese food is, so to speak, the foundation of Japanese dining. In that sense, as we operate in the family restaurant format, it is a type of meal that anyone can eat, that everyone has been familiar with since childhood, and that is always available anywhere in Japan. We believe that there is no one among Japanese people who does not eat Japanese food. Therefore, in that sense, we believe that Japanese food has value in being able to delight a wide range of customers. On the other hand, we believe there was also a world where customers could make it at home. After all, everyone cooks Japanese food at home as well. However, on the other hand, with women's increasing participation in the workforce, cooking at home is now somewhat declining. Eating at home is declining. In such an environment, we are providing a place where we can take over even a small portion of regular meals at home and where people can enjoy their time. As we often mention, we want to become a food infrastructure. In other words, even if you do not cook at home, when you come to us, you can enjoy a pleasant time and safe, secure meals at a reasonable price. We believe Japanese cuisine has strengths in that sense, being well-received by a wide range of customers. However, there are certainly challenges and difficulties involved. It's not that we're doing it without making money, but the challenge with Japanese

cuisine is that each region has its own distinct flavors. Each region where people have grown up has its own distinct taste. I mentioned earlier that introducing all-you-can-eat options such as Sato Shabu at Washoku Sato increased revenue, but this has no regional characteristics. Therefore, in that sense, while offering Japanese cuisine as a whole, we are strengthening the Japanese cuisine segment that has weak regional characteristics. We believe that this will enable us to become a national brand for the first time. In that sense, we feel that Japanese cuisine has strengths from the customer's perspective. Furthermore, on our business side, our founding was in Japanese cuisine. The know-how we have accumulated within the company is primarily related to our Japanese cuisine business. In that sense, we tried Western cuisine for a while, but ultimately, we decided to focus on Japanese cuisine because we found it difficult to compete with rivals in that area. In that sense, by leveraging our expertise and track record in Japanese cuisine, we can enhance profitability, at least from a management perspective. That is where our strengths lie. This is a strength of the company. So, the fact that we are currently focusing on Japanese cuisine is my view on this matter, though I'm not sure if this fully answers your question.

**Kojima:** I understand that you operate chains in the casual dining segment, and within that casual segment, you focus on Japanese cuisine. I would like to hear about what kind of breakthrough you can show us going forward and what aspects we should look forward to. I believe the restaurant industry is also changing in various ways, such as using robots and other technologies for customer service, so I would like to ask what kind of innovations your company is looking to incorporate and what you are envisioning.

**Shigesato:** Okay. That is what we explained today, so if you cannot accept that, it may be a bit difficult, but DX, robots, and AI are merely tools. They are just tools. We do not directly believe that this will enhance our business. Although inflation is occurring, our value still lies in offering customers products at the lowest possible prices through chain stores at reasonable prices, and gaining customer satisfaction. We as a chain store believe this is what we must continue to do. In that sense, we believe that our greatest mission is to gain customer support by minimizing price increases while delivering value to customers through the use of AI, robots, and various other systems. We believe that what is required of us is how we will implement innovation to achieve this going forward. We hope you will take a look at that.

**Moderator:** Thank you for your question. Are there any other questions? Yes, please go ahead.

**Kawarazaki:** This is Kawarazaki from Japan Investment Adviser. I would like to ask two questions, and I will ask them in order. The first question is that when considering the nationwide expansion of Washoku Sato, I have the impression that how to capture the Kanto region is quite a significant point, along with the expansion of Sato. Also, I think gourmet sushi will be the main focus, but if you could share your store opening policy in the Kanto region by business format and any challenges you are currently sensing, I would appreciate it.

**Shigesato:** Okay. That's a very good question. As I mentioned earlier, the Kanto region is indeed challenging. Currently, it has the highest labor costs, lacks people, has no workers, and land prices are also high. Although it is not dynamic pricing, if we were to raise prices in the Kanto region, to be honest, we also have competitors in Kanto. Therefore, in that sense, although Washoku Sato has a certain number of stores in the Kanto region, we believe that rather than explosively increasing the number in Kanto, we should expand more into regional areas. Within that context, if opportunities arise, we will also increase the number

of stores in the Kanto region, which is the direction that Washoku Sato is currently aiming for. This is also considering profitability. Regarding gourmet, in fact, Nigiri Chojiro has two stores, and they are currently operating in the Kanto region with high profitability. However, due to labor and workforce considerations, we are currently focusing our expansion in Osaka, Kansai, and Chubu regions. Regarding gourmet conveyor belt sushi, whether through organic growth or M&A, we believe there are various methods and sufficient potential for growth. We hope you understand that we are currently considering how to proceed with this expansion. Thank you.

**Kawarazaki:** The second point is, on page 12 of the materials provided today, regarding Key Strategies, the third Key Strategy states the establishment of businesses that will become the third and fourth pillars of revenue. This will likely be through M&A, where we could establish a business format together even with a few stores and then have the option of horizontally expanding that. On the other hand, for example, if we were to break down the menu of Sukesanudon, they handle items that you could all do yourselves, so I feel like if we were to seriously commit to it, it wouldn't be something we couldn't do. While we look at establishing third or fourth revenue pillars in terms of business formats, when we look at something like Gourmet Sushi, we may also be thinking about deepening aspects like the high average customer spending of existing formats, but we would appreciate it if you could give us some hints in that area.

**Shigesato:** Okay. Basically, for udon and soba, we have Tokutoku and Kazokutei, and as shown in the pie chart earlier, udon and soba are ranked third. In this area, Tokutoku is currently undergoing various business format reforms. In that sense, the udon and soba market is very important for us and is a crucial market for Japanese cuisine. While continuously reforming Tokutoku, regardless of whether we compete with Sukesanudon or not, at the very least, our udon and soba brand will compete in that market. That is our current stance. Furthermore, although it is quite challenging, we operate a tempura restaurant called Tendon Tenpura Honpo Santen. This is also a low-price concept, probably the lowest priced now, I believe. While we had been operating primarily in suburban areas, we are now opening stores even in front of stations, considering where customer needs are. In that sense, we are also aiming for organic growth as a low-price concept. These are the two main points. In that sense, Katsuya, which is not our original brand, is also positioned in the low-price segment, so we will steadily expand it in the regions we are responsible for. By doing this, we believe you can consider that our direction of expanding the base remains unchanged from before.

**Moderator:** Thank you for your question. Are there any other questions? If there are any questions, please feel free to ask. Okay. Thank you.

**Questioner:** Thank you very much for your detailed explanation today. Regarding the consumption tax issue starting next fiscal year, what kind of changes in consumer behavior do you anticipate between the 10% and 8% rates versus the 10% and 1% rates? For example, if there are any comments regarding shifts to eating at home or souvenirs, or the possibility of expanding into those areas, or regarding changes related to the consumption tax. Given that it has been two years, you might say that the excitement has cooled down and move on, but could you comment on that point?

**Shigesato:** Thank you very much. We have been exchanging opinions quite a bit with industry peers, but for the restaurant industry, even though it is for a limited period, we consider this a very troublesome

issue. Furthermore, we also have concerns about whether it will actually be possible to raise the consumption tax in two years, so in that sense, our anxiety is very significant. At the very least, we believe that consumers will shift toward prepared meals. That said, we don't expect a situation like COVID-19, so while there will be some impact, the question is how we can withstand it. Currently, the government has also made comments that some form of subsidy will likely be necessary for the restaurant industry. We are not sure what form it will take, whether it will be regional vouchers or something else, but we are hoping for such support to some extent and would like to take whatever measures we can on our end. For example, one of the reasons we are currently focusing on gourmet conveyor belt sushi is that sushi restaurants were the format that did not see profitability decline during the COVID-19 period when profitability fell overall. This is because they can be sold at almost the same price as takeout, which means profitability is not reduced. However, when it comes to regular Japanese food, if we sell it as bento, the price range inevitably decreases. Profitability decreases. Even if we chase after that, it doesn't necessarily lead to profitability. In that sense, we are currently thinking that we need to simultaneously consider strengthening takeout in our sushi restaurants, and for other restaurant formats, implementing pricing strategies that customers can appreciate to some extent, whether through campaigns or other means - that is my thinking as of today. However, the situation remains uncertain at this point, so we are thinking that we will consider these matters again once all such policies become clear. Thank you very much.

**Questioner:** Thank you very much.

**Moderator:** Thank you for your question. Are there any other questions? As there appear to be no further questions, we would like to conclude this earnings briefing. We have prepared a survey for this analyst meeting, and we would appreciate your cooperation. We are also accepting requests for one-on-one meetings regarding IR through the survey, so we would appreciate your cooperation. We will also strive to make improvements going forward based on your feedback, and we appreciate your continued support. This concludes today's session. Thank you very much for your explanation, Mr. Shigesato.

**Shigesato:** Thank you for your attention until the end. [END]

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