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Nigiri Chojiro

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Mid-term management plan and approaches for the next term, etc.

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SATO
RESTAURANT
SYSTEMS GROUP

FY03/2016

Overview of the financial results

Highlights

1 Higher revenues



Net sales: 40,061 million yen **up 5.5%** increase by 2,091 million yen (YOY)

Increase in number of restaurants in operation and solid growth of sales of existing restaurants.

2 Lower profit



Operating income : 542 million yen **down 54.2%** decrease by 641 million yen (YOY)
Ordinary income : 361 million yen **down 72.8%** decrease by 969 million yen (YOY)

Due to, in addition to the payment of unpaid wages for overtime working for the preceding two years, such as increase in labor cost because of raised hourly wages for part-time employees, increase in expenses associated with opening new restaurants, and occurrence of foreign exchange losses.

3 Newly opened

23 restaurants

【Washoku Sato】 DM: 3
【Nigiri Chujiro】 DM: 3

【Santen】 DM: 10
【Katsuya】 DM: 3 FC: 3

【Nigiri Chojiro】 DM: 1
DM: directly-managed
FC: franchise chain

NOTE: In addition, **contracts have been executed for opening 18 new restaurants .**

(as of Mar. 31, 2016)

Group total (domestic & overseas): 348 restaurants

DM restaurants: total 311

• Washoku Sato	201
• Sushi-han	14
• Santen	22
• Nigiri Chojiro (including CHOJIRO)	53
• Miyakobito	1
• Nigiri Chujiro	6
• Katsuya	14

Group FC restaurants: total 31

• Miyakobito	17
• Katsuya	14

Overseas: total 6

• Taiwan	1
• Indonesia	2
• Thailand	3

Newly opening / Renovation

FY03/2016
Planned

46 restaurants

Newly opened
23

+ Contracted
18 =

Total
41

89.1% achieved

Newly opened

	Planned	Actual	Contracted*	Total	Achieved
Total	46	23	18	41	89.1%
Washoku Sato	3	3	2	5	166.7%
Sushi-han	0	0	0	0	-
Santen	16	10	7	17	106.2%
Santen (FC)	4	0	0	0	0%
Nigiri Chojiro	4	1	2	3	75.0%
Nigiri Chujiro	3	3	0	3	100.0%
Katsuya	6	3	3	6	100.0%
Katsuya (FC)	10	3	4	7	70.0%

Renovation

	Planned	Actual	Achieved
Total	10	11	110.0%
Washoku Sato	6	6	100.0%
Nigiri Chojiro	4	5	125.0%

* Contracted: Number of contracts executed to open new restaurants as of Mar. 31

Current progress in various measures

	Measures	Actual progress (as of Mar. 31, 2016)
1	Improved purchasing power and further streamlining by using foodstuff shared with FOODSNET Corp.	So far about 20% of foodstuff has been shared among FOODSNET Corp. and SRS restaurants (Washoku Sato, Santen and Sushi-han).
2	Full-blown operation of staff attendance management system using vein authentication terminals.	The system has been adopted at every restaurant since Apr. 1, 2015, with salaries calculated on minute-by-minute basis.
3	Outsourcing payroll-related operations, including those in response to the administrative My Number system.	Payroll-related operations have been outsourced since Oct., 2015; and as for the My Number system, collection/storage/administration systems are in place according to the governmental guidelines.
4	Updating the core system to start testing operation aiming for adoption in FY03/2017.	Testing operation was finished and the new system has been in operation since Apr., 2016.
5	FC development of Santen restaurants	FC contract has been executed with one company and the first FC restaurant will be opened during FY03/2017.
6	Carrying on experiment and store development of "Delivery Sushi - Nigiri Chujiro"	2 units comprised of 6 stores are already opened in Kyoto City; and experiments are still underway in order to organize and resolve various issues for the next stage.
7	Enhancing promotion activities making use of popular talents, official mascot characters and SNS.	New CMs featuring popular talents have been broadcasted since Oct., 2015. There are currently 600,000 members of LINE@ accounts.
8	Opening new restaurants more widely overseas	In Taiwan, joint venture with President Chain Store Corp. was dissolved, which became one of SRS's wholly-owned subsidiary and continues its business at Danshui branch. In Thailand, the third restaurant, "Sriracha AEON branch" was opened in Oct.

Higher revenues but lower profit

Higher revenues

Increase in net sales (+ 2 billion yen) and gross profit (+ 1.2 billion yen)

Lower profit

Lower profit due to significant increase in SG&A expenses by 1.85 billion yen

(▲ means negative)

(million yen)	FY03/2015		FY03/2016			
	Amount	Ratio to sales	Amount	Ratio to sales	+/- (amount)	+/- (%)
Net sales	37,969	100.0%	40,061	100.0%	2,091	5.5%
Cost of sales	12,979	34.2%	13,864	34.6%	884	6.8%
Gross profit	24,989	65.8%	26,197	65.4%	1,207	4.8%
Selling, general and administrative expenses	23,806	62.7%	25,655	64.0%	1,848	7.8%
Operating income	1,183	3.1%	542	1.4%	▲641	▲54.2%
Ordinary income	1,330	3.5%	361	0.9%	▲968	▲72.8%
Net income attributable to owners of parent	840	2.2%	6	0.0%	▲834	▲99.3%

※1 Expenses on opening new restaurants and increase in labor cost.
Number of employees: 863 (previous) → 921 (current)

※2 Non-operating income/loss
(foreign exchange gains of 221 million yen (previous) → foreign exchange loss of 66 million yen (current))

Details of major items of SG&A expenses

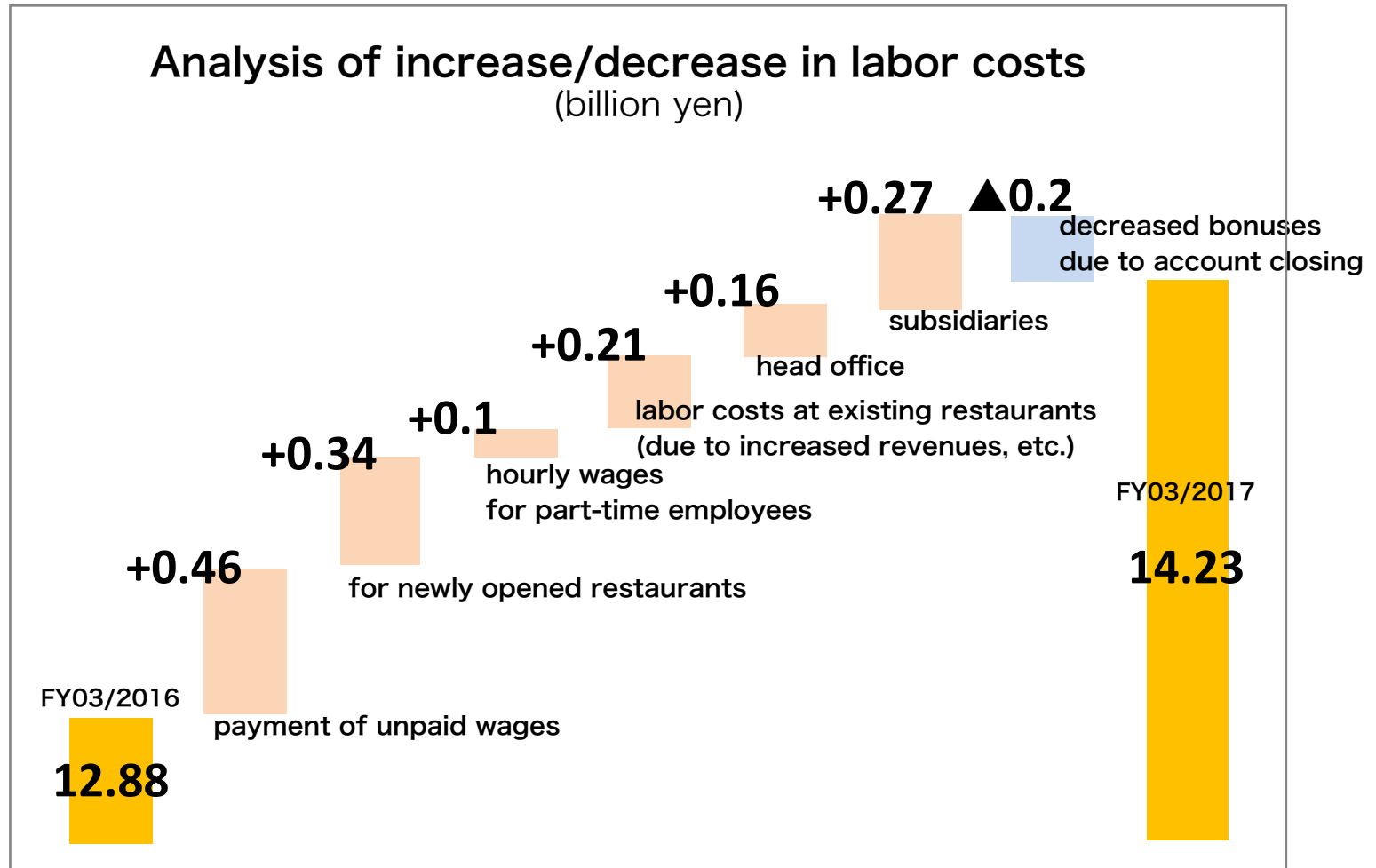
(million yen)

(▲ means negative)

	2015.3	2016.3	difference	major factors
Labor cost	12,882	14,231	+1,348	Payment of unpaid wage (+460), newly opened restaurants (+340), increased hourly wages (+100), other labor costs at restaurants (+210), head office (+160) and subsidiaries (+270), and decreased bonuses due to account closing (▲200)
Promotion expenses	358	475	+118	Increase in discounted cost
Commission fee	469	583	+114	Commissioning cash collection at restaurants on site and store contracts management, etc.
Rents	3,926	4,035	+109	for newly opened restaurants
Supplies expenses	1,035	1,130	+95	for newly opened restaurants
Taxes and dues	223	270	+47	Increase in pro forma standard taxation
Depreciation	1,314	1,361	+46	for newly opened restaurants
Advertising expenses	296	338	+42	TVCM and others
Utilities expenses	1,812	1,678	▲ 134	

Analysis of increase/decrease in labor costs

(▲ means negative)



Aiming at becoming No.1 company in working environment in the food-service trade

To prevent recurrence of unpaid wages for overtime working and reduce excessive work

The Company has always put its efforts into arrangement/improvement of workplace environment, and struggled with continuous improvement of working environment for employees, including adoption of one week consecutive leave scheme, full five-day workweek, and intensive encouragement of taking 100% vacations. Moreover, various measures have been carried out about 300 part-time employees were promoted to regular employees in October 2014 to expand opportunities especially for female staff to play their active roles further, and in April 2015 staff attendance management system using vein authentication terminals was introduced enabling salaries calculation on minute-by-minute basis.

With respect to overtime working, the Company had previously paid salaries based on employees' declarations, but it arrived at recognition that declarations of overtime working were not made correctly. For this reason, a fact-finding commission was established in cooperation with external attorney and others to investigate the matter and as a result, quite regrettable to say, it found to an extent that some of actual working was not recorded in fact on the staff attendance management system. The Company therefore came with the conclusion that it should immediately pay unpaid wages for overtime working for the preceding two years and decided to pay total amount of 462 million yen.

For the future, the Company will, not only settling the past, but also make its best to ensure that measures are taken intensively to prevent recurrence so that unpaid wages for overtime working could be eliminated.

Measures for preventing recurrence

- Correct entry of working time into the staff attendance management system (guided & ensured)
- Establishing "HELPLINE" as an external consultation desk
- Shorter business hours (e.g., earlier closing, temporary closing during idle hours)
- Allocating more budget to operational hours
- Providing guidance and training to supervisory staff
- Building up support framework within areas and divisions
- Reconsidering elements of restaurant operations (e.g., time of inventory counting)

Balance Sheet (BS)

Public stock offering (Jun., 2015)

Equity ratio: 42.5% → 51.8% **Greater financial strength**

(▲ means negative)

(million yen)	End of FY03/2015 (Mar. 31, 2015)	End of FY03/2016 (Mar. 31, 2016)	+/-
Total current assets	7,526	10,765	3,239
Total non-current assets	16,742	17,053	311
Total assets	24,272	27,820	3,548
Total current liabilities	7,284	7,352	67
Total non-current liabilities	6,530	5,936	▲594
Total liabilities	13,815	13,289	▲526
Total shareholders' equity	10,707	14,915	4,207
Total net assets	10,456	14,532	4,074
Total liabilities and net assets	24,272	27,820	3,548

Cash Flow Statement

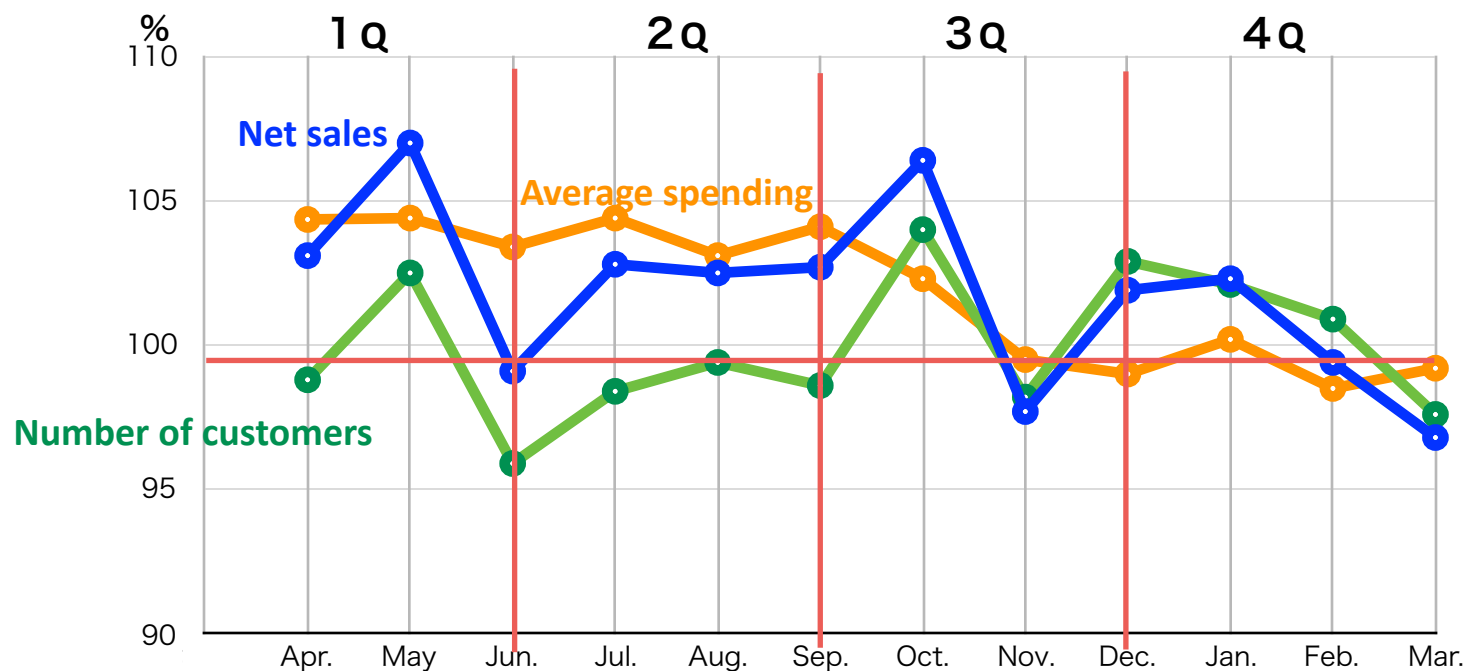
4.3 billion yen raised by public stock offering (Jun., 2015)
CF from financial activities significantly increased

(million yen)

(▲ means negative)

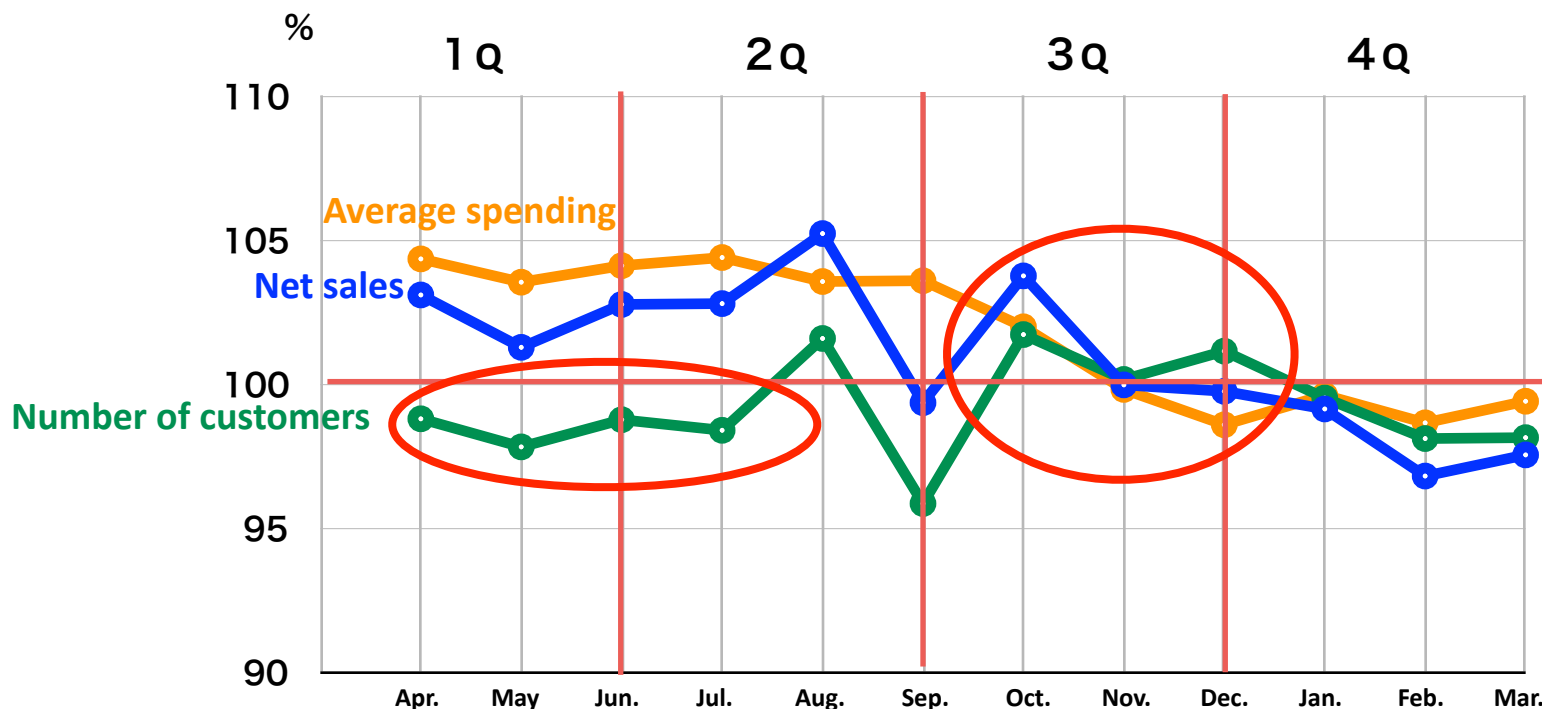
	FY03/2015	FY03/2016	+/- (amount)
	2014.4.1 ~2015.3.31	2015.4.1 ~2016.3.31	
CF from operating activities	2,721	1,261	▲1,459
CF from investments	▲1,220	▲1,579	▲359
CF from financial activities	▲1,597	3,246	4,844
Balance of cash and cash equivalents at the end of the period	5,532	8,616	3,084

Performance transition of existing Washoku Sato restaurants < before adjustment according to public holidays >



Performance transition of existing Washoku Sato restaurants <after adjustment according to public holidays>

Sales slowed down due to decline in average spending



<Overview of Washoku Sato>

During the first half, sales of "Sato-Shabu" contributed to much higher average spending that raised net sales. On the other hand, number of customers was less than the previous year mainly during lunch time. During the second half, lunch menus were refreshed resulting in recovery trend of number of customers; however, sales during dinner time could not grow well and average spending was also lower than the previous year, that led to lower net sales as compared to the previous year.



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About Nigiri Chojiro



FOODSNET Corp. that operates Nigiri Chojiro



Aug., 1974: Established in Kyoto.

1975: Opened its 1st Sushi-go-round restaurant.

Expanded newly opening of DM/FC "Atom Boy" Sushi-go-round restaurants (from the era of rise of Sushi-go-round until late 90's).

At the same time, expanded "Miyakobito" shops of takeout Sushi (delivery as well) mainly as FC style.

Large scale Sushi-go-round chains emerged and "Atom Boy" lost its competitiveness.

2001: Opened the 1st "Nigiri Chojiro" restaurant and subsequently continued opening new ones steadily mainly in Kansai area.(currently 53 restaurants in operation)

For several years after Lehman's collapse, existing restaurants/shops experienced weak sales due to deflation.

Jul., 2013: Became one of SATO RESTAURANT SYSTEMS's wholly-owned subsidiaries.

Since then, until Mar., 2016, existing restaurants/shops have achieved higher sales YoY.

FOODSNET Corp.



Specialized in delivery



Gourmet Sushi-go-round



Takeout & delivery









Did you know?



No.1 Customer Satisfaction Sushi-go-round sector in Kansai area

OCS
Ranking Oricon CS Report
Food Service



2015 Oricon Japan
Customer Satisfaction Ranking: Food Service

Sushi-go-round
No.1 in Kansai area



Did you know?

Also popular among foreigners!



tripadvisor.jp

Ranking of the most popular restaurants
among foreigners



CHOJIRO Shijo-Kiyamachi branch (Kyoto pref.)

2014: 15th place (nationwide)

2015: 20th place (nationwide)



<CHOJIRO Shijo-Kiyamachi branch>



Koagari table*

Nigiri Chojiro

provides **outside-the-box** Sushi-go-round



* "Koagari" table is a kind of Japanese style, partly separated compartment as shown in the photograph.

	
<p>Koagari tables are provided, not along the lane.</p>	<p>Counter seats and/or tables are provided, all of which are along the lane.</p>
<p>Wide variety of alcoholic beverages and side dishes are offered, just like Izakaya (Japanese-style pub). Even "Zashiki" (using tatami mats on the floor) compartments are provided at Nigiri Chojiro.</p>	<p>Conventional Sushi-go-round offers mainly Sushi and has much fewer varieties of dishes other than Sushi. No Zashiki compartment is provided at conventional Sushi-go-round.</p>

Sushi industry

What is gourmet Sushi-go-round?

Average spending

Tachi-Sushi

conventional Sushi restaurant other than Sushi-go-round

Sushi-go-round



Choushimaru
Gatten Sushi
Nigirinotokubei

Gourmet
Sushi-go-round

Daiki Suisan
Hakodate Ichiba
Kaisen Misakiko
Nagoyakatei

Genki Sushi
(Uobei)
Hamazushi
Kappazushi

100-yen
Sushi-go-round

Sushiro
Kurasushi

Tachi-Sushi

Small-scale, classic and common "Sushi restaurant" mainly consisting of counter seats, where the chef makes and serves Sushi over the counter. Most of them are privately managed. Typically expensive, sometimes prices are set at the current value.

3,000yen

2,000yen

Gourmet Sushi-go-round

Average spending is around 2,000 yen

Many different prices-per-dish:
100 yen ~ over 500 yen

1,000yen

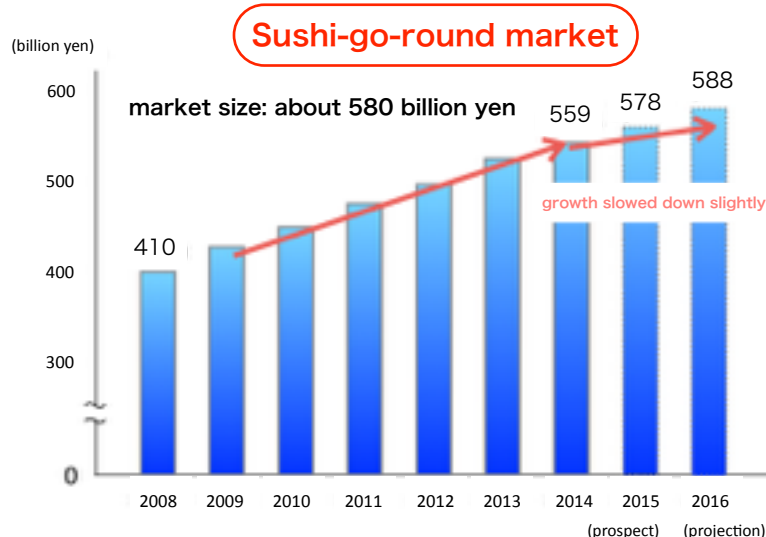
100-yen Sushi-go-round

Average spending is around 1,000 yen

Much fewer variations
other than 100 yen items

Market trend of Sushi-go-round

(Source: Fuji Keizai)



Points

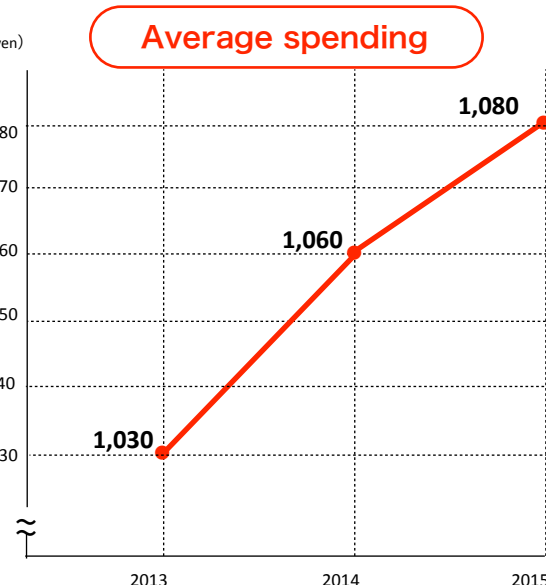
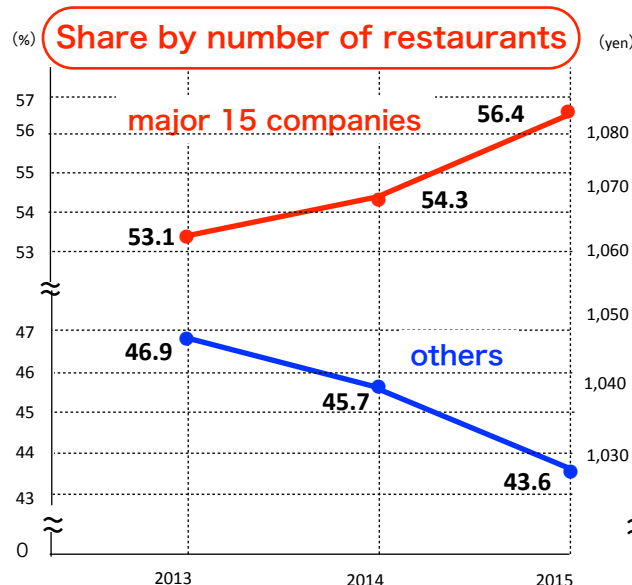
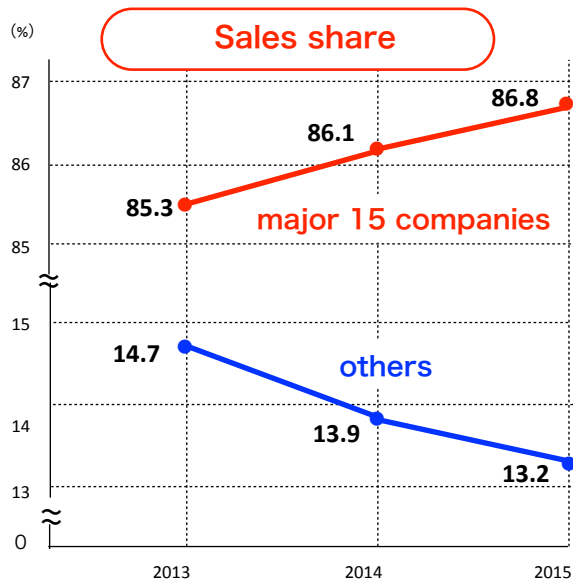
Market size : about 580 billion yen

Growth trend: slight slowdown

Oligopoly by major chains is underway

Average spending: upward swing

Major 100 yen Sushi companies adopted various merchandising measures such as items expansion including noodles and coffee, high-value menus of over 100 yen (gourmet dishes); and are still leading market growth by continuous opening of new restaurants.



Gourmet Sushi-go-round ranking by sales amount

Rank	Name	Sales (million yen)	Number of restaurants	Main area
1	Sushi Choushimaru	19,500	90	Kanto
2	Gatten Sushi, Kantaro, and others	15,500	120	Kanto
3	Nigiri Chojiro, CHOJIRO	9,725	53	Kansai
4	Nigirinotokubei, Kaisen Atom, and others	8,450	61	Chubu
5	Kaisen Misakiko	7,100	63	Kanto
6	Marinepolis and others	5,400	55	Chugoku
7	Heirokeusushi and others	4,600	60	Tohoku
8	Hakodate Ichiba	2,800	18	Kansai
9	Kaitenzushi Toriton	3,400	13	Hokkaido

* Source: Fuji Keizai (prospect for 2015)

Ranking by "Number of restaurants" in Kansai area

Nigiri Chojiro has

the **Largest number** of **gourmet Sushi-go-round** in Kansai area

Kansai area

Ranking by number of Sushi-go-round restaurants

Rank	Name	NaNumber of restaurantsme	Type
1	Muten-Kurazushi	127	Sushi-go-round
2	Sushiro	105	Sushi-go-round
3	Kappazushi	52	Sushi-go-round
4	Nigiri Chojiro	48	gourmet Sushi-go-round
5	Daiki Suisan	29	gourmet Sushi-go-round
6	Hakodate Ichiba	21	gourmet Sushi-go-round

* Source: Fuji Keizai (July, 2015)

History



Road to the birth of gourmet Sushi-go-round, Nigiri Chojiro

operated Sushi-go-round,
as well as BBQ restaurants
and Izakaya pubs

retreat

concentrated on gourmet
Sushi-go-round,
Nigiri Chojiro

Gourmet Sushi-go-round

"Ikesu" (big aquarium)
provided inside

Atom Boy

Kaiten Atom Sushi

Kaisen Atom Boy



average spending: 1,000 yen

average spending: 1,500 yen

average spending: 2,300 yen

tougher competition

tougher competition

emergence

Sushiro

Kurazushi and others

100-yen Sushi-go-round

Absolutely keeping
a distance from
conventional
Sushi-go-round

Partly-separated Koagari tables are
provided, and wider variety of side
dishes such as Tempura, fried foods
and beverages/alcohols are offered.

started in 2001
currently 53 restaurants in operation
switching from Atom or others: 17
Mainly switching from other companies'
restaurants with all their furnishings

Areas / Number of restaurants

Dominantly in Kansai area, 53 in total are in operation

	Live Fish Sushi-go-round "Nigiri Chojiro"	Sushi-go-round "CHOJIRO"	Kyoto-style Sushi "Miyakobito"	Delivery Sushi "Nigiri Chujiro"	Kyoto-style Sushi "Miyakobito"
(pref.)	DM	DM	DM	DM	F C
Osaka	23	1			1
Hyogo	8				4
Kyoto	9	1	1	6	3
Shiga	2				3
Nara	4				2
Wakayama	1				
Mie					1
Gifu					1
Nagano					1
Tokyo	1	1			
Saitama	2				
Kochi					1
Total	50	3	1	6	17

Nigiri Chojiro

Basic information

price range

Sushi dish (2 pieces on one dish)
120 yen ~ 810 yen (w/o tax)

average spending

about 2,350 yen

site area

130 ~ 530m²
average: 230 ~ 260m²

cost for newly opening

about 100 million yen
(70 million yen
in case of using existing premise)

Kansai area

No.1 gourmet Sushi-go-round
by number of restaurants

number of restaurants

53
(including CHOJIRO)

annual sales

180 million yen

number of seats

75 on average

Kanto area

4 restaurants

Attractiveness of Chojiro from the viewpoint of SRS Group



1

Enhanced presence as a Japanese food group chain in Kansai area

2

Geographically easy to integrate logistics and HQ functionalities

3

Price range does not compete with Washoku Sato

(enabling segregation within the same market)

average spending - Washoku Sato: 1,200 yen ~ 1,300 yen; Nigiri Chojiro: about 2,350 yen

4

High profitability of Chojiro

(cost rate: 40%; operating income to sales at restaurant level: over 10%)

5

Achievement in opening new restaurants and room for further growth

Growth to 53 restaurants in operation during the last 15 years

(including 17 of them transformed from Atom Boy)

Synergies

Cost reduction effects

1 HQ relocation of FOODSNET

Same office with SRS Group HQ; Reduction in HQ rent
Carried out in Feb., 2014

2 Organizational integration for purchasing

Collective purchase by the Group as a whole and
imported items developed by SRS→e.g. prawn for
Sushi, eel, ginger
Carried out in Mar., 2014

3 Integration of logistics

Collective delivery for the entire Group
Carried out in Oct., 2014

4 Using common items

Of all 300 items, 60 common items are used

Features of Nigiri Chojiro

Merchandise

Chefs make Sushi using fresh/
live fishes, that's the genuine-
oriented Sushi-go-round.
(big aquariums are provided)



Features of Nigiri Chojiro

Services

Open kitchen enables vibrant services.



Features of Nigiri Chojiro



Items (other than Sushi)

Greatest number of items (other than Sushi)
in the Sushi-go-round industry



68items

Greatest number of items

(items)
more

70items

60items

50items

40items

30items

20items

Nigirinotokubei 37items

Nagoyakatei 27items

Daiki Suisan 19items

Choushimaru 21items Gatten Sushi 23items

Gourmet Sushi-go-round

less

Sushi-go-round

Less items means it is more simply a Sushi-go-round

Features of Nigiri Chojiro



Inside

Sophisticated atmosphere and spacious tables
Genuine-oriented counter seats



Features of Nigiri Chojiro

Location

Suburban locations targeting families; parking lot for 30 cars;
including some in-building type restaurants



In-building type
(Futako-Tamagawa branch)



Advantages of Nigiri Chojiro

1

High quality

Reasonable price

Locations in living areas

Elements of full-blown Tachi-Sushi can be enjoyed at reasonable price range.

2

Fulfilling side-menus

Separately placed tables and Zashiki rooms, not pursuing efficiency.

Wide variety of a la carte dishes, desserts and alcohols are offered.

3

Ability to open new restaurants

Successful pattern is established using existing premises (pulling more customers even in locations with lower rent).

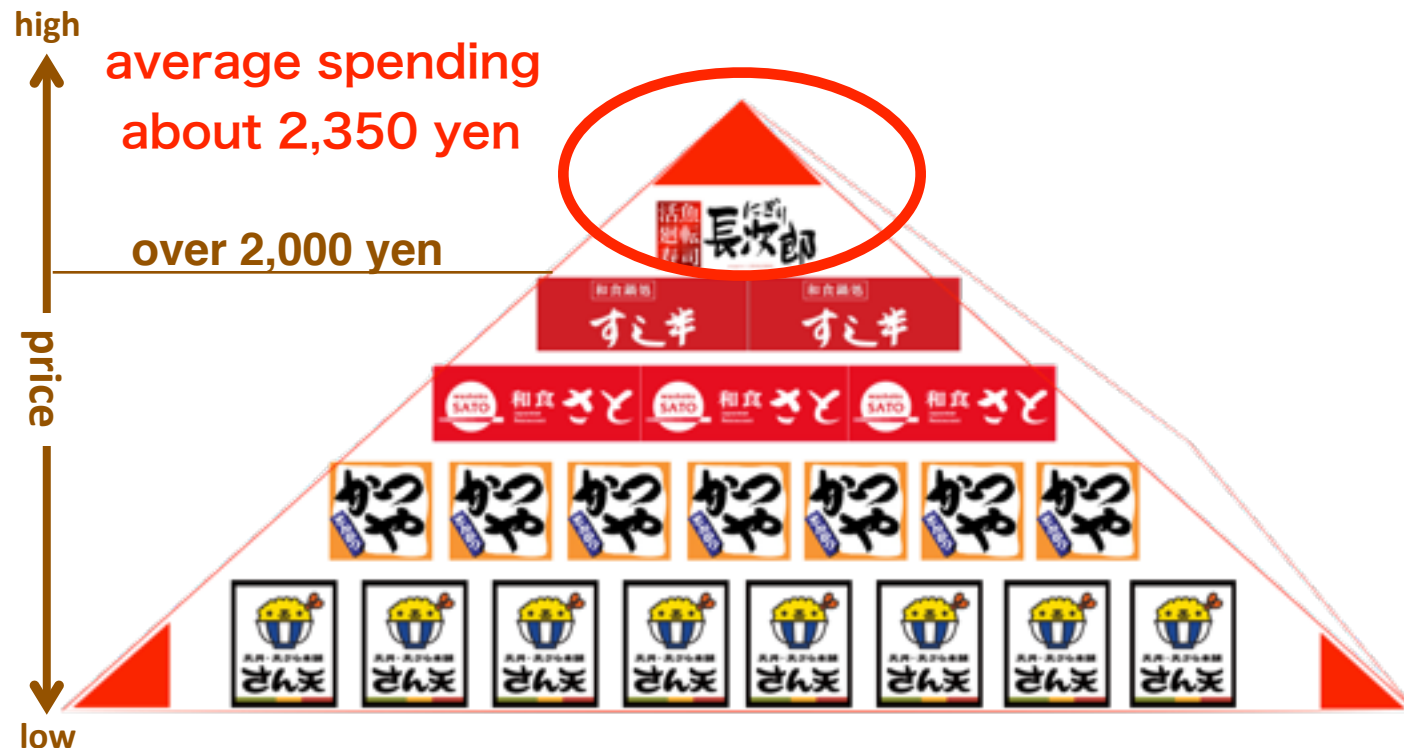
Positioning of Chojiro within SRS Group



Top of the pyramid

Extraordinary and celebratory elements are provided, among every other situation of having foods.

Symbolic category representing the Japanese food company group featuring "Sushi"



Strategy of Chojiro

1

Continuous opening of new restaurants

While ensuring the status of **No.1 gourmet Sushi-go-round in Kansai area**, Kanto area is also to be within the range.

2

Fostering/utilizing human resources

Unlike traditional Sushi chefs, a wide variety of human resources is to be fostered and utilized systematically. **Omotenashi Dojo (hospitality training)**

3

Reinforcing star menus making use of foodstuff straight from the source

(items straight from the source at their seasonal peak)

Creating cost merit at the Group's MD level

Omotenashi Dojo (hospitality training)



Skillful Sushi-go-round Nigiri Chojiro

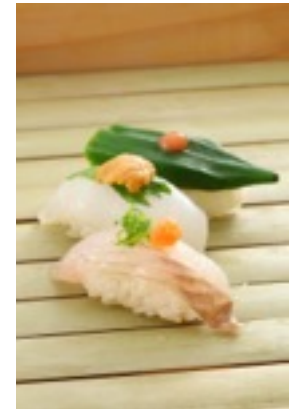


Seasonal menus are reinforced!

Seasonal menus are altered 15 times a year.

(Foodstuffs are altered three times at each season of spring, early summer, summer, fall and winter.)

Seasonal menus



Regular menus

Skillful Sushi-go-round Nigiri Chojiro



Skillful Sushi-go-round Nigiri Chojiro

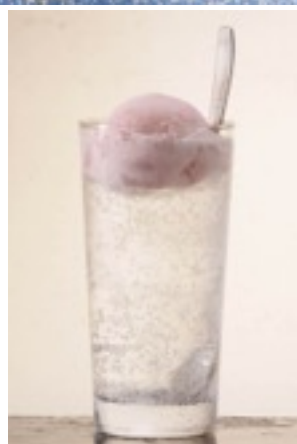


Also rich in dessert menu!

Dessert menu is comparable to Western food family restaurants.

Hot/cold coffee and other items are also available.

Dessert menu



Skillful Sushi-go-round Nigiri Chojiro



Lunch menu

Weekday lunch menu is fulfilling and popular among housewives!

春のセレクトランチ

平日ランチのひとつをさらに美味しく豪華に!

平日限定 15時まで

選べる楽しみ!!
好きなものを選べるお得なセットです。

季節のお寿司7貫・サラダ

※時期により、寿司の内容が変わります。

プラス + 下記よりお好みで
お選びいただけます。

春のセレクトランチ **1,600円**
季節のお寿司7貫・サラダ・
一品料理・揚げ物・デザート・ドリンク (税込 1,728円)



Support for inbound tourists

Touch panel is available in four different languages (Japanese, English, Chinese and Korean) and also Spanish in some restaurants.



Support for inbound tourists

Touch panel is available in four different languages (Japanese, English, Chinese and Korean) and also Spanish in some restaurants.



Spanish



English



Chinese

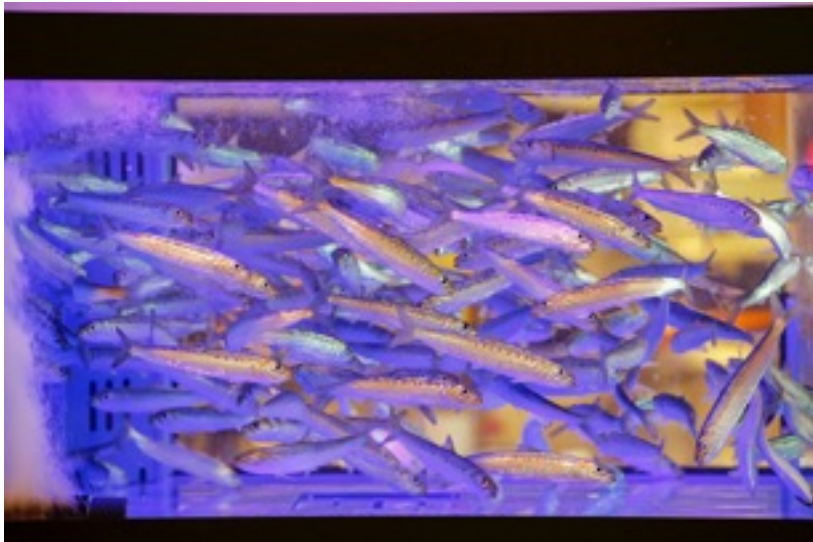


Korean

Skillful Sushi-go-round Nigiri Chojiro



Chef picks up live horse mackerel from the aquarium
and makes full-body Sashimi (sliced raw fish).
In the end, even fried bones can be eaten.



Sister shops of Nigiri Chojiro



Nigiri Chujiro



Specialized in delivery

Specialized in delivery, serving Sushi of the same grade as Chojiro
Currently 6 directly-managed shops are in experimental operation in Kyoto pref.



Specialized in delivery

New brand Nigiri Chujiro

<in experimental operation>
6 DM shops (Kyoto pref.)

High grade

Sister shops of Nigiri
Chojiro

Specialized in delivery

<High profitability model>
Monthly sales: 5 million yen
Operating income to sales: 10%

More eager approach
to celebratory service strategy

average spending: 1,600 yen per person

Higher grade &
higher added-value



segregation

Low price

average spending: 1,400 yen per person



Specialized in delivery

* Share in delivery Sushi: about 50% (No.1)

Market size of delivery Sushi
about 50 billion yen (Source: Toyo Keizai)



upgrade

over-the-counter

+

delivery



"Extraordinary Sushi at
affordable price"

Low price

average spending: 1,300 yen per person

* Hard-fought competition with low price Sushi shops

* Share in delivery Sushi: 2.4%



SATO
RESTAURANT
SYSTEMS GROUP

Mid-term management plan

Towards realization of "Sato Pyramid"

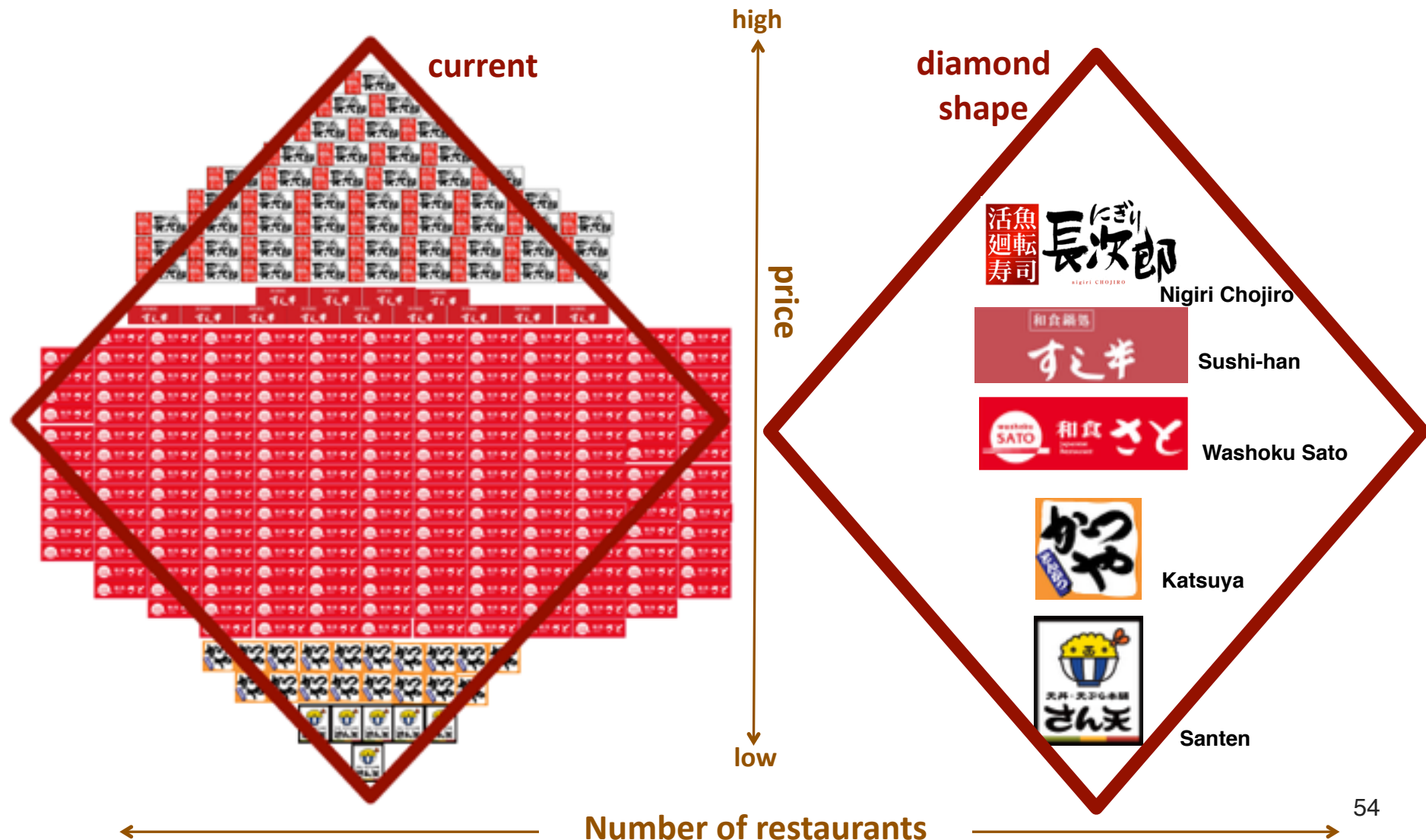




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group restaurants composition (current)

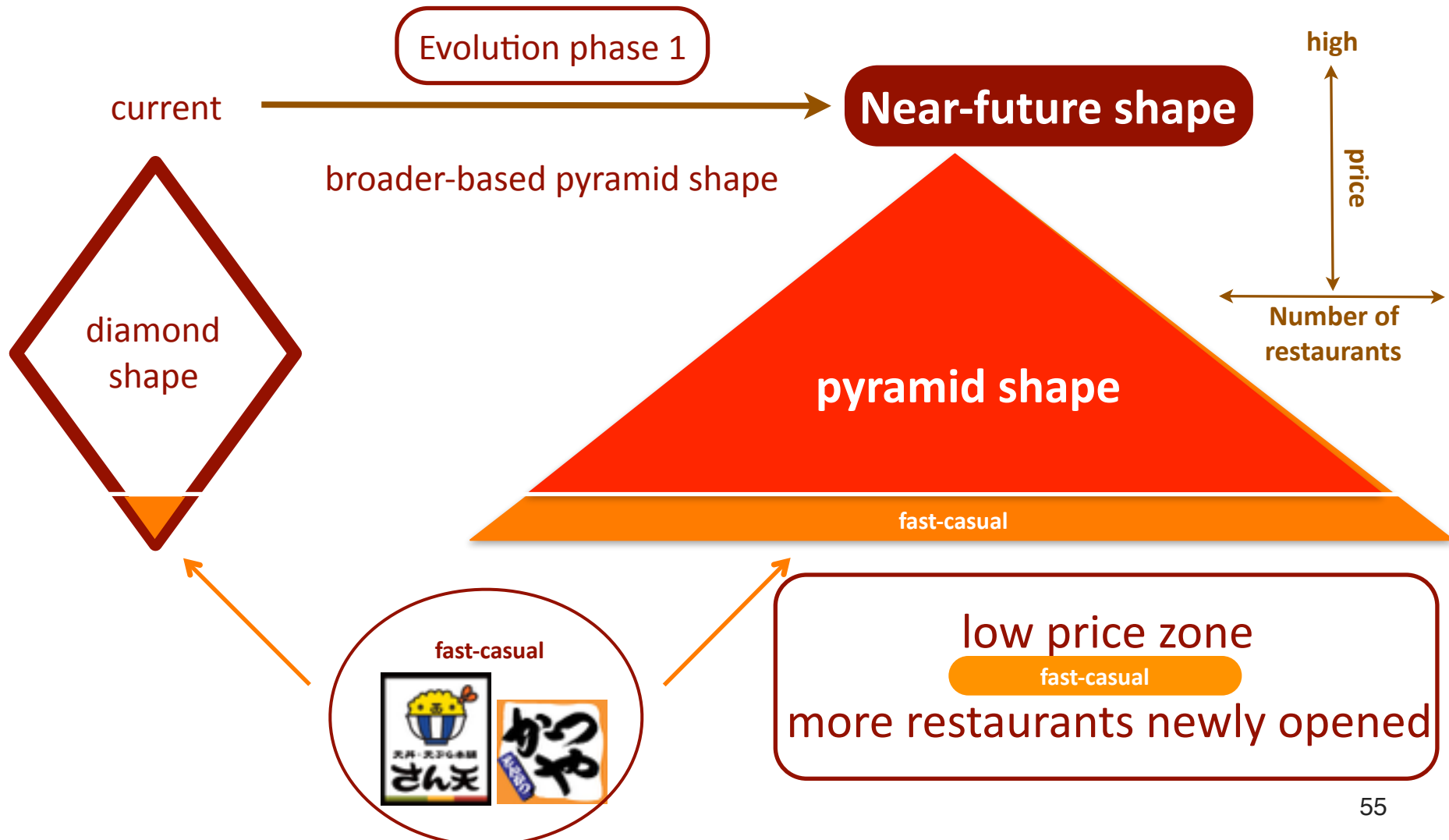
diamond shape



SRS Group restaurants composition

Evolution phase 1: Near-future shape

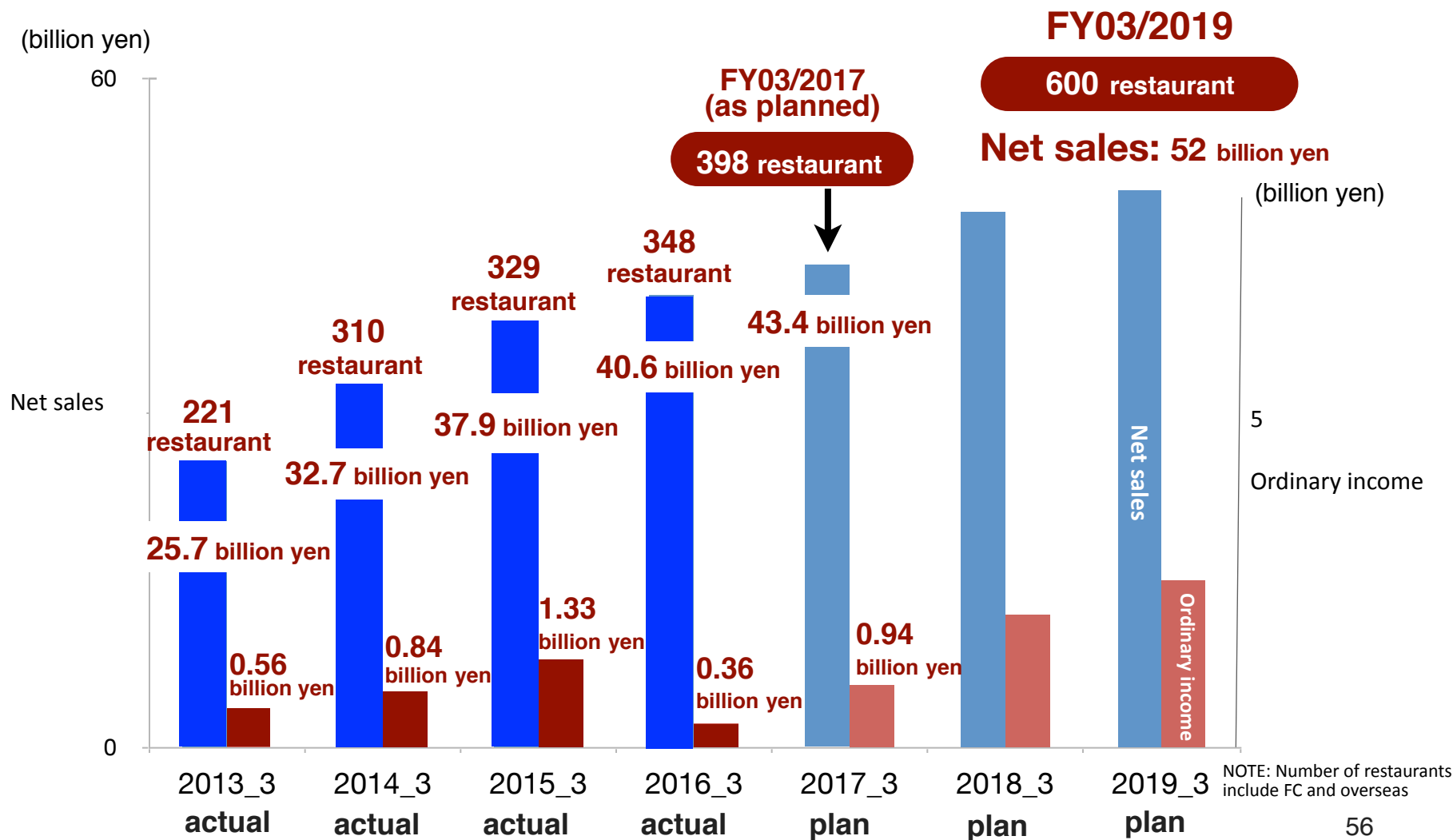
Diamond shape to pyramid shape



Mid-term management plan

FY03/2019

Net sales: 52 billion yen Number of restaurants: 600



Mid-term management plan: Numerical targets

FY03/2019
51st Period

Net sales	52 billion yen
Number of restaurants	600
Ordinary income rate	5%
ROE	8%
Equity ratio	over 50%

Measures & Planned opening new restaurants for the next term (FY03/2017)

	Measures	Details
1	Reconstruction of working environment Elimination of unpaid wages for overtime working Approach to reduced working hours	Efforts towards improvement have been continued, such as short-time regular employee system and salaries calculation on minute-by-minute basis. Factors leading to unpaid wages and excessive work should be analyzed and corrected.
2	Experiments on various menu at Washoku Sato	Experiments on various menu should be carried out foreseeing 6 months ~ 1 year later, and upon verification, such menu would be introduced at every restaurant. ・ "Reinforcing Sato-Shabu" ... addition of pork course and reinforcing premium course ・ Reinforcing beverages/alcohols
3	FC development of Santen restaurants	Aiming at opening 5 new FC restaurants
4	Measures for attracting inbound tourists	Building up arrangements for attracting more of increasing number of inbound tourists at SRS restaurants (mainly group tourists). Promotional activities towards travel agencies.
5	Making Taiwan Sato profitable	Placing "all-you-can-eat style Sato-Shabu" at the core, operations should be reconstructed and the restaurant should try to be profitable.
6	Purchasing by the Group as a whole Pursuit of logistics synergies	・ Logistics planning in line with the plan to open new restaurants ・ Production area development and stable delivery of "prawn" used at Santen. ・ Scheduled increase in proportion of direct import
7	Grouping together financial/accounting departments	The Group's financial/accounting departments should be integrated around June, aiming at more efficiency in indirect business operations.

**Largest-ever number of new
restaurants to be opened**

Planned
50

Planned

Washoku Sato	4	Nigiri Chojiro	6
Santen	20	Nigiri Chujiro	4
Santen (FC)	5	Katsuya	5
		Katsuya (FC)	6

58

Performance forecasts

Increase in both revenues and income is anticipated for FY03/2017

(million yen)	FY03/2016 (actual)	FY03/2017 (forecast)		
		Amount	+/- (amount)	+/- (%)
Net sales	40,061	43,400	3,339	8.3%
Operating income	542	850	307	56.8%
Ordinary income	361	940	578	260.1%
Net income attributable to owners of parent	6	400	393	5,818.2%

Topics

Newly opened <domestic>

- Oct. Santen: Nara-Sanjo branch (Nara pref.)
- Oct. Santen: Sakai-Otori branch (Osaka pref.)
- Oct. Nigiri Chujiro: Fushimi-Momoyama branch (Kyoto pref.)
- Nov. Washoku Sato: Toyohashi-Nishitakashi branch (Aichi pref.)
- Nov. Nigiri Chujiro: Yamashina-Kuyakushomae branch (Kyoto pref.)
- Dec. Santen: Seiryodai branch (Hyogo pref.)
- Dec. Nigiri Chojiro: Ibaraki-Masago branch (Osaka pref.)
- Jan. Santen: Kyoto-Daigo branch (Kyoto pref.)
- Feb. Santen: Harinakano branch (Osaka pref.)
- Feb. Nigiri Chujiro: Katsura branch (Kyoto pref.)
- Mar. Washoku Sato: Kishiwada-Araki branch (Osaka pref.)
- Apr. Katsuya: FC Higashiosaka-Nishitsutsumi branch (Osaka pref.)
- Apr. Katsuya: Kireuriwari branch (Osaka pref.)



Newly opened <overseas>

- Oct. 3rd branch in Thailand
"Washoku Sato Sriracha AEON branch"



Topics

- Nov. The 200th branch of Washoku Sato was opened (Toyohashi-Nishitakashi)
- Feb. President Sato Co., Ltd. (Taiwan) became a wholly-owned subsidiary
(Danshui branch is in operation and the 2nd branch is planned)
- May (planned) Santen: Narumi branch (Midori ward, Nagoya City) **The 1st Santen restaurant in Tokai area!**



Contact

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Earnings forecasts and other descriptions concerning the future contained in this document are based on information currently available to the Company. This includes largely uncertain elements and therefore actual business performance and other elements may differ substantially due to various factors. We would appreciate that you should understand the abovementioned presumptions and make decisions on any investment according to your own judgement.