

Appendix

~Towards completion of "Sato Pyramid"~

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SATO
RESTAURANT
SYSTEMS GROUP

Mid-term management plan

～Towards completion of "Sato Pyramid"～

SRS (Sato Restaurant Systems) aims to be the restaurant that brings the highest customer satisfaction

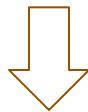
Looking beyond the pursuit of sales and profit

Enriching people's lives

Improving the work environment

Responding to social and economic needs

Becoming an integral part of society



Mid-term management vision

prosper over
100 years to
come

Social infrastructure

essential

Towards completion of "Sato Pyramid"

Mid-term management plan/policy

SRS aims to be an essential social infrastructure and prosper over 100 years to come.

Vision

SRS aims to be a respected industry leader by providing Japanese cuisine to people around the world.

overseas



**Taiwan, Indonesia and Thailand
business expansion
turning to positive figure**

more rapid restaurant development



**increasing
profitability**



**continuous restaurant
development**



**increasing
profitability**

**restaurant
development with
lower investment**



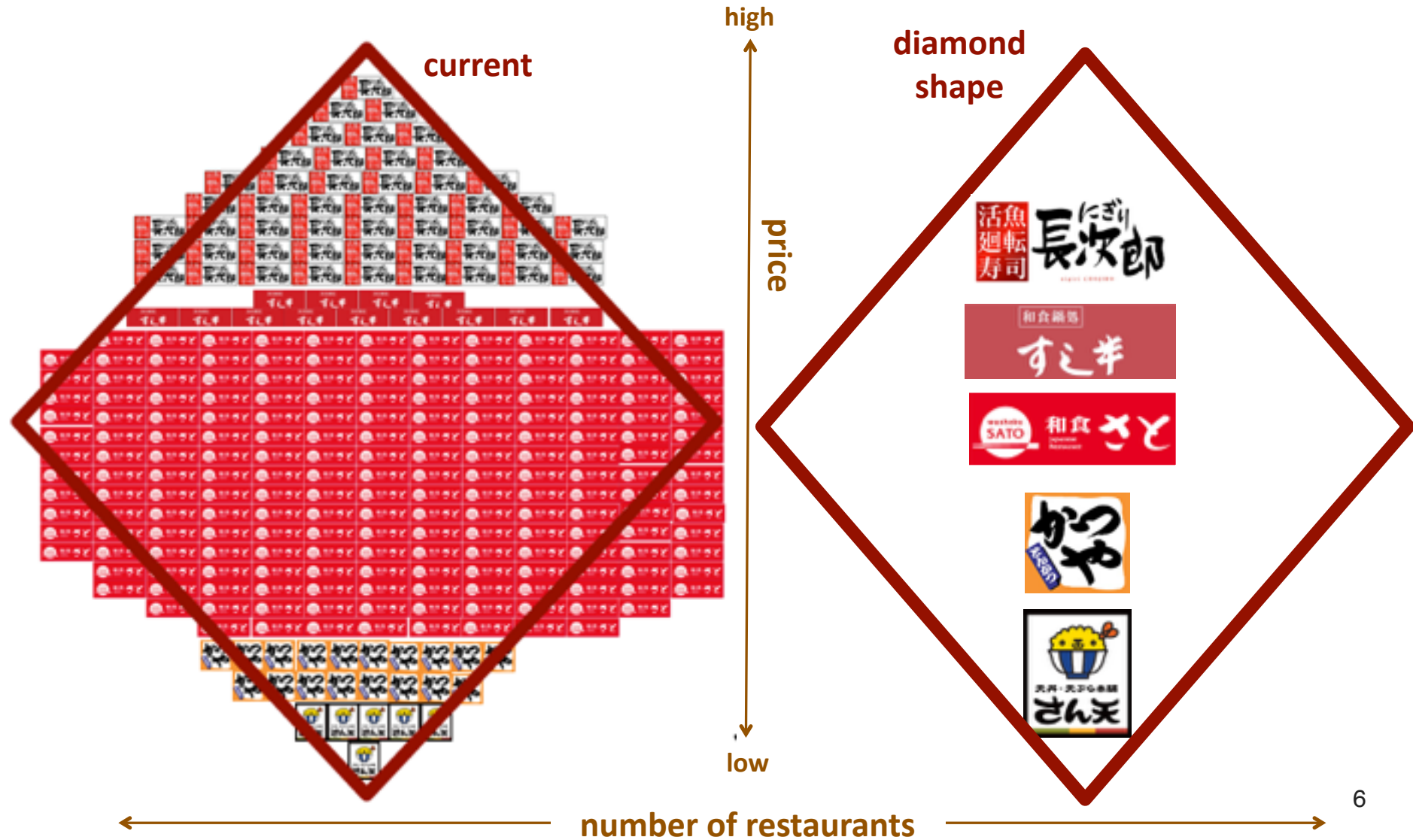
**enhanced integration
with Chojiro**

What is Sato Pyramid

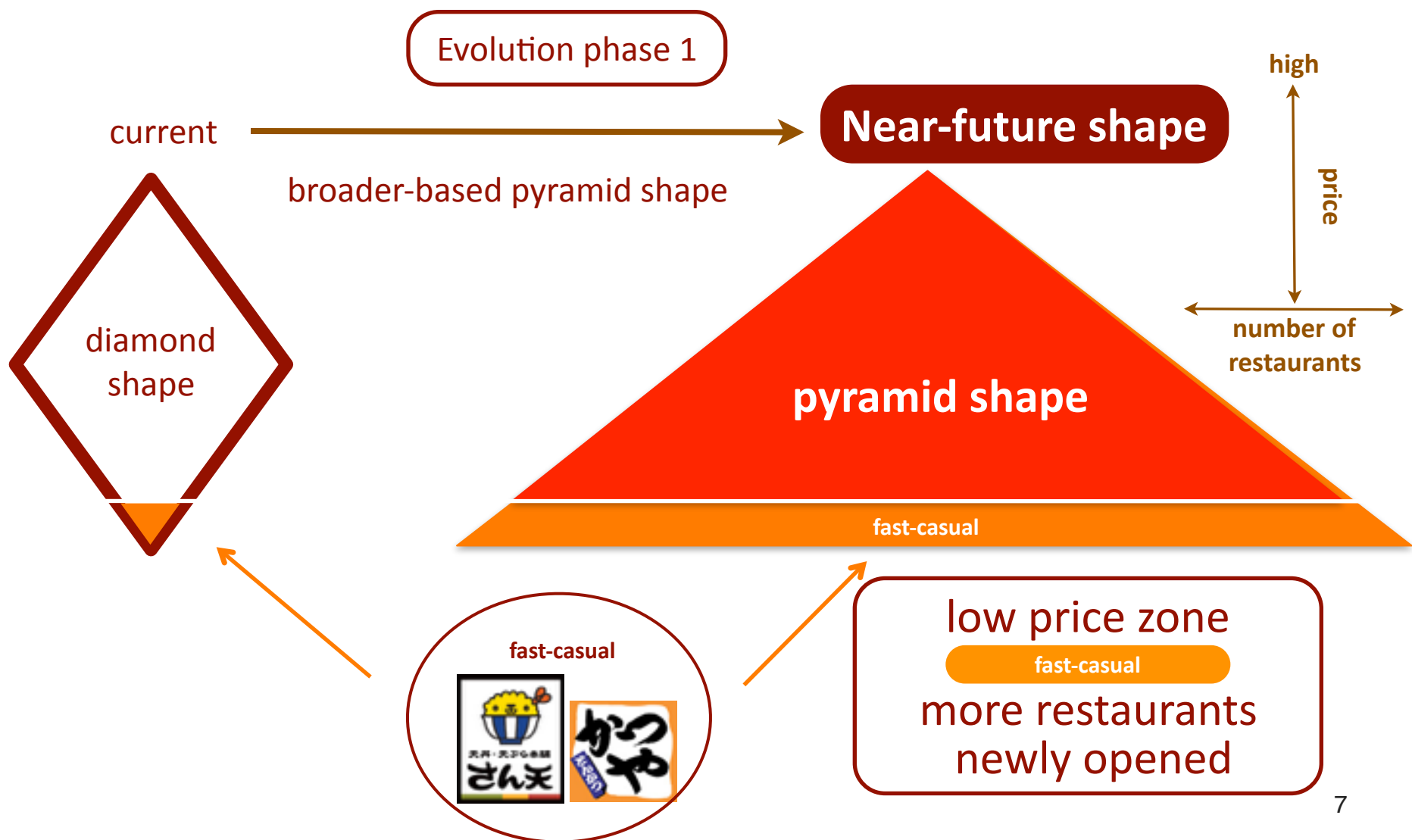
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SRS group restaurants composition (current)

< Diamond shape >



< Diamond shape to pyramid shape >

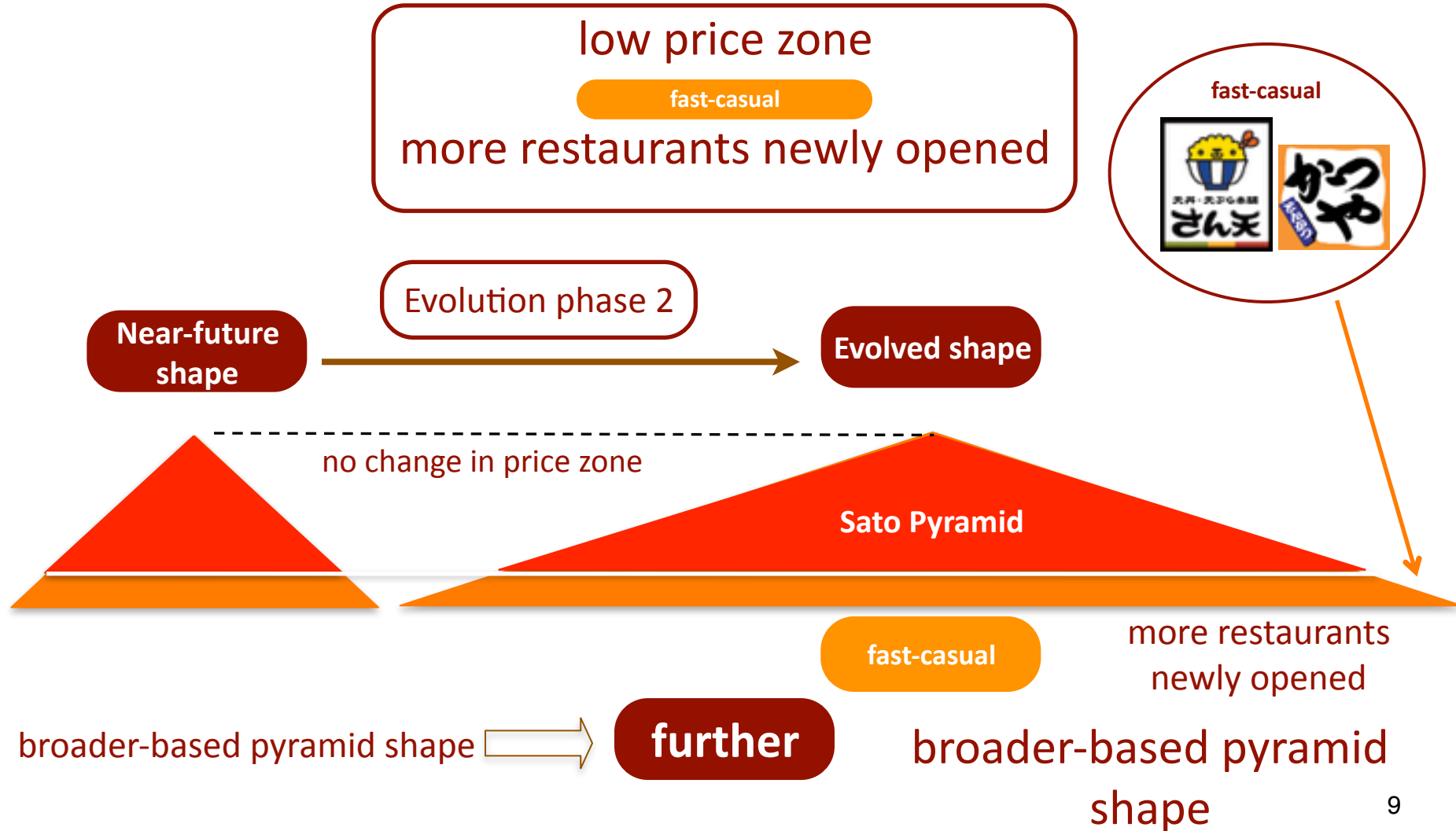


Sato Pyramid

Near-future shape



Further broader-based Sato Pyramid

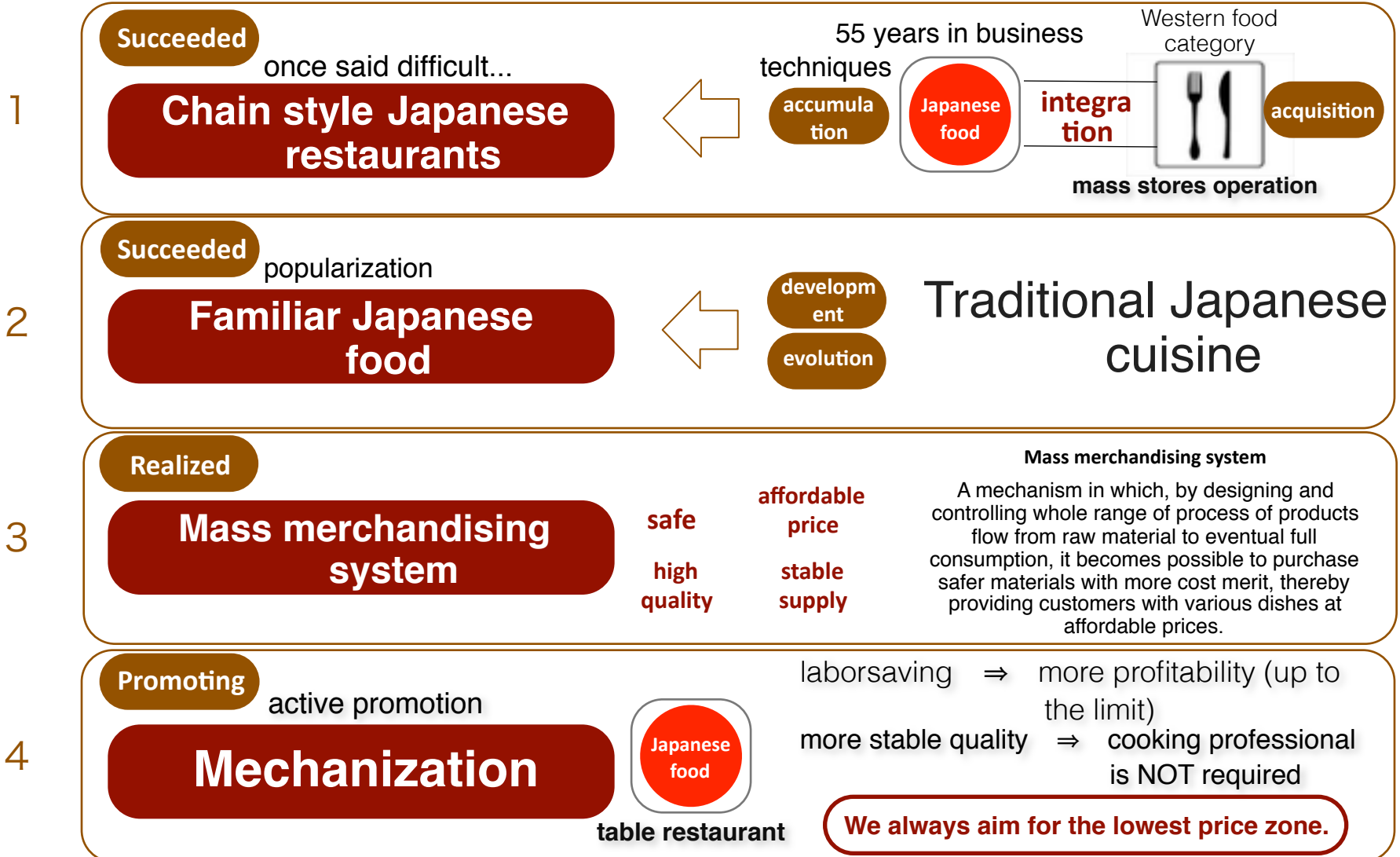






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About "Sato Restaurant Systems"

Succeeded in integrating Japanese food with chain restaurant management



External environment & Business reform

	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014							
Ext. env.	Sep. Lehman's collapse		Mar. Great East Japan Earthquake		Dec. Abe Cabinet established		Apr. Consumption tax rate rose to 8%							
Int. env.			Oct. 1st restaurant in Taiwan opened	Nov. 1st Katsuya restaurant opened	Mar. Commodities Center disposed	Aug. 1st Santen restaurant opened	Nov. HQ. relocated	Jan. Capital increase	Jul. Foodsnet Corp. became a subsidiary	Sep. 1st restaurant in Indonesia opened	Sep. 1st restaurant in Thailand opened	Oct. Logistics integration with Foodsnet Corp.		
Business reform	Oct. Business reform started	Mar. non-boiling noodle cooker	Jun. Sato-Shabu debut	Jul. Mobile Club Kids Club created	Aug. Plastic chopsticks adopted	Apr. Microwave rice cooker adopted	Sep. Sato-Shabu premium course started	Oct. Two types of soup in one pot adopted	Mar. Miso-soup dispenser adopted	Jul. POS/OES updated	Jun. iPad adopted 1 way operation adopted	Feb. In-store PC adopted	Apr. Store support system adopted	Jul. TOS entirely adopted



Features

Largest number of restaurants in Japanese food family restaurants

1

No.1 in the trade

Largest number of restaurants in Japanese food family restaurants

199 restaurants

Group total: 342 restaurants (as of Sep. 30, 2015)

Sato (199) Sushi-Han (14) Santen (17) Katsuya (direct) (15) Katsuya (FC) (14) Chojiro(52) Miyakobito (direct) (1) Miyakobito (FC) (20) Chujiro (3) Overseas (7)

2

specialized in Japanese food

Major 5 categories



Japanese food family restaurant



mainly Sushi & Nabe (pan)



Tendon & Tenpura



gourmet Sushi-go-round



Katsudon & Tonkatsu (pork cutlet)

3

M&A

gourmet Sushi-go-round "Nigiri Chojiro"
FOODSNET Corporation became a subsidiary.(Jul., 2013)

4

Overseas development



Taiwan



Indonesia



Thailand

Joint ventures have been established with large local companies.

5

Kitchen capabilities

Seeking streamlined kitchen operations

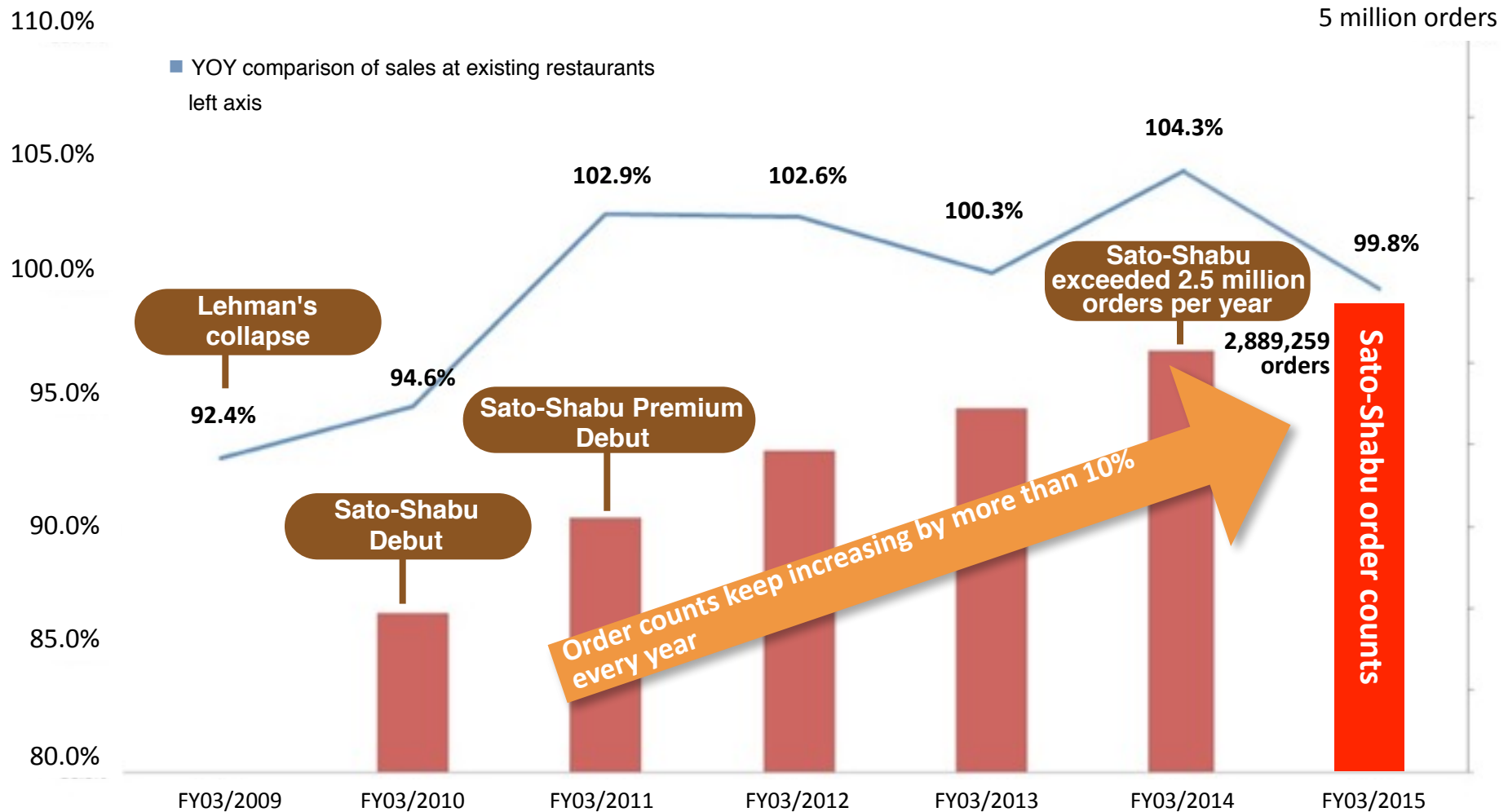
6

Purchase & development capabilities

By carrying out purchase & development activities on our own accounts worldwide, a mechanism has been built up in which safer and carefully selected foodstuff can be obtained stably.

We always aim for the lowest price zone.

Year-on-year comparison of sales at existing Washoku Sato restaurants, and Sato-Shabu





Strength

Strength: Brand power

< Sato is overwhelmingly famous in Kansai area >

Brand power



Strength: Restaurant development capabilities

< Specializing in Japanese food enables
multi-restaurant operation >

***Restaurant development
capabilities***

**Specializing
in Japanese
food**



**Narrow-focused
commodities**



restaurants



**low break-
even point**

**We always
aim for the
lowest price
zone.**

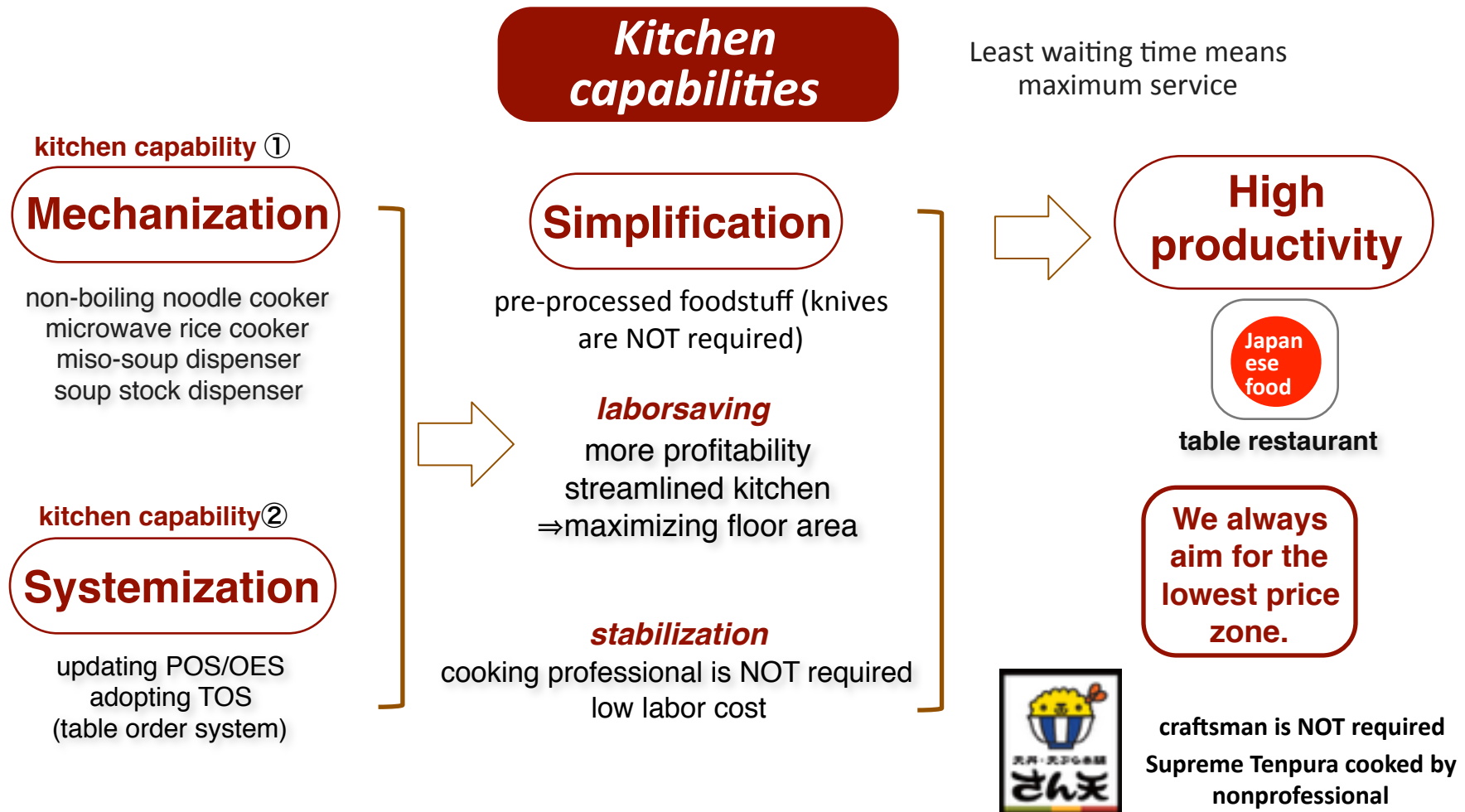
systemization
outsourcing

multi-
restaurants



Strength: High productivity (kitchen capabilities)

< Seeking streamlined kitchen operations >



Strength: Purchase & development capabilities

< Purchase & development activities on our own accounts >

By carrying out **purchase & development activities on our own accounts** worldwide, a mechanism has been built up in which **safer** and carefully selected foodstuff can be obtained **stably**.

Purchase & development capabilities

Vertical merchandising

<Steps of commodification plan>

- ① **procure raw materials**
- ② process
- ③ distribute
- ④ sell at restaurants

commodification plan

centralized in-house control

design

control

taking total risk



(examples)
prawn
eel
Hijiki seaweed
grated radish

worldwide

direct purchase

purchase/quality/price

in-house safety control

stable

safe



We deliver safe and delicious foods stably at affordable prices.

Strength: Price zone hedging capabilities

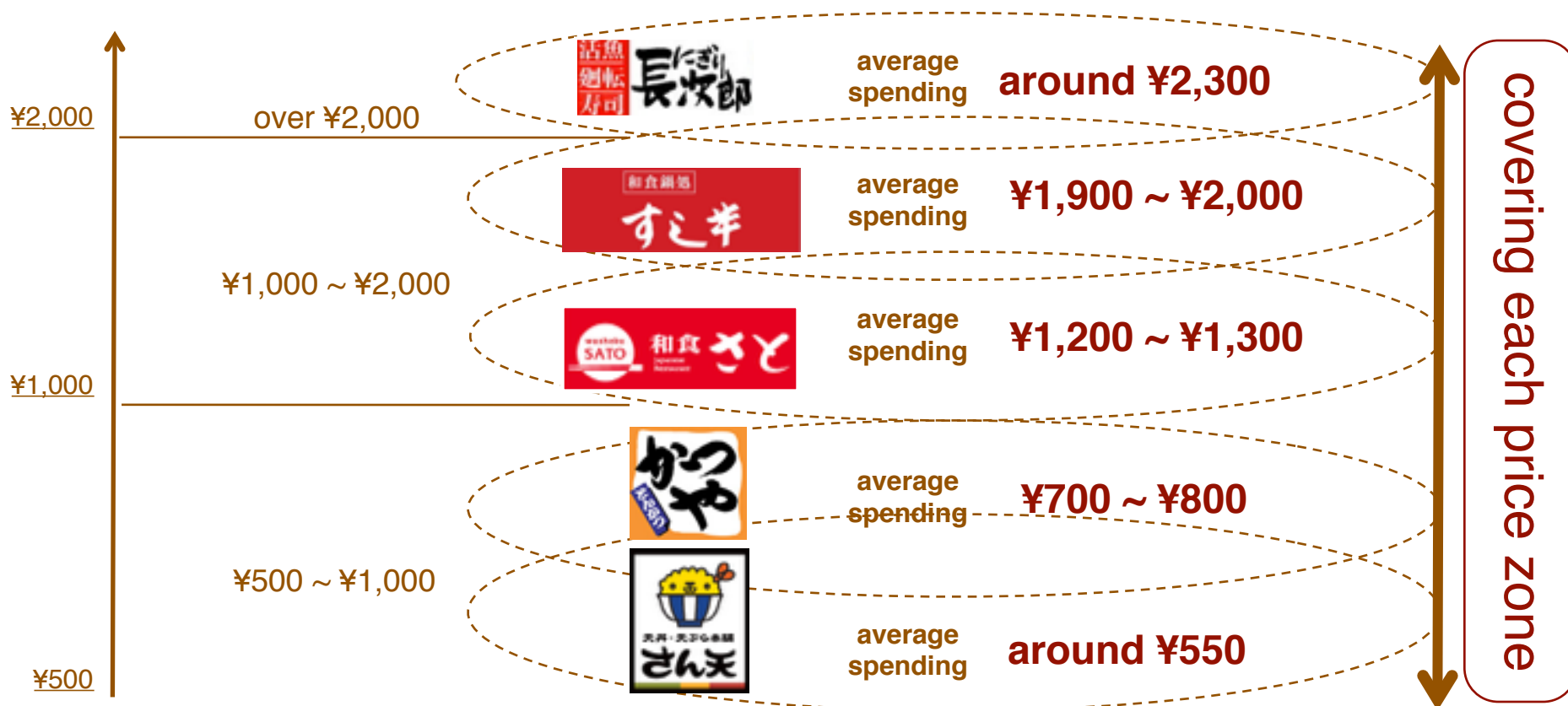
< Risk hedge at low to middle price zone >

specializing in
Japanese food

*Price zone hedging
capabilities*

insusceptible to economic
fluctuation

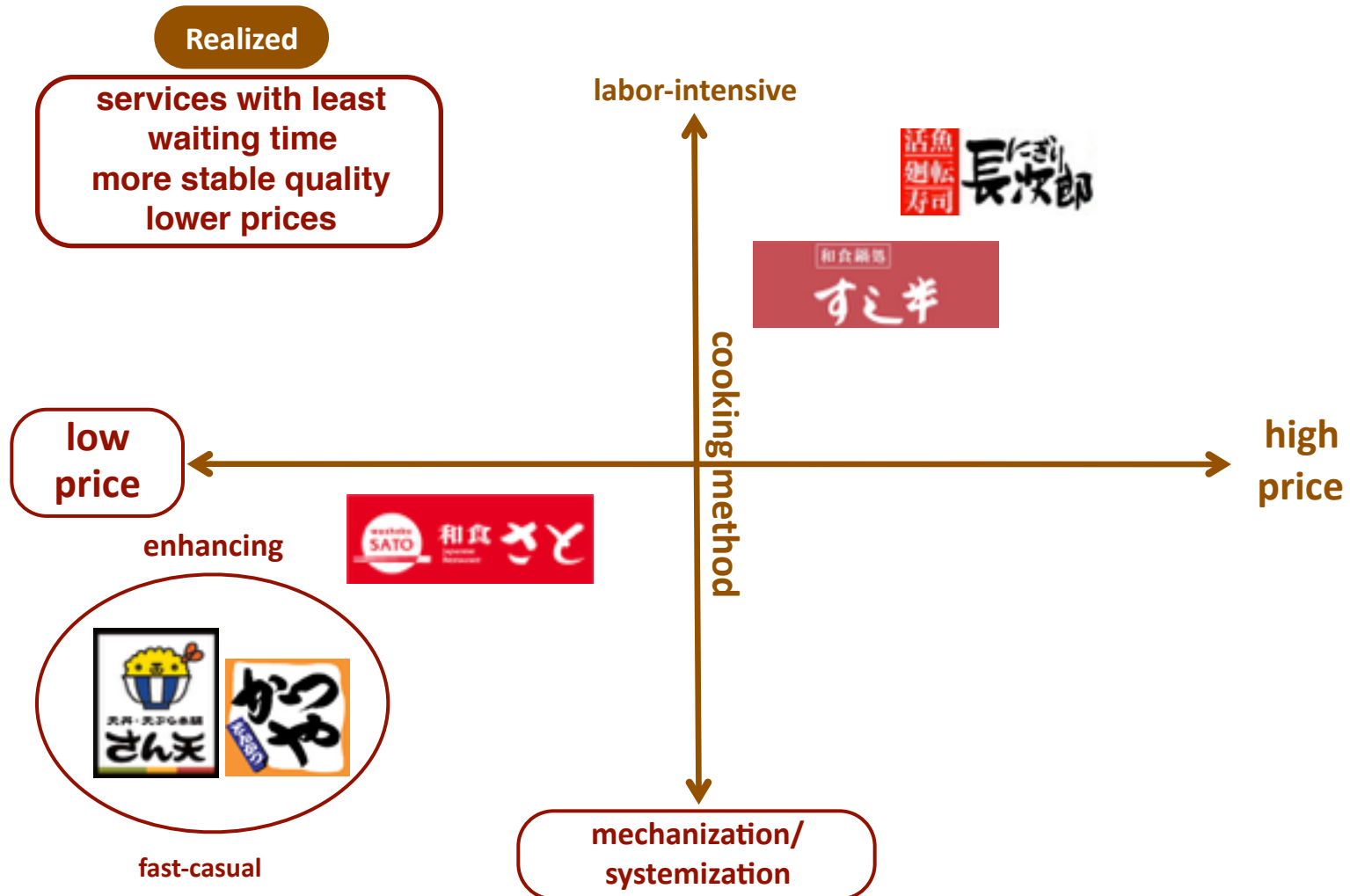
Various choices among
SRS group restaurants
meeting customers' needs



Position map by categories

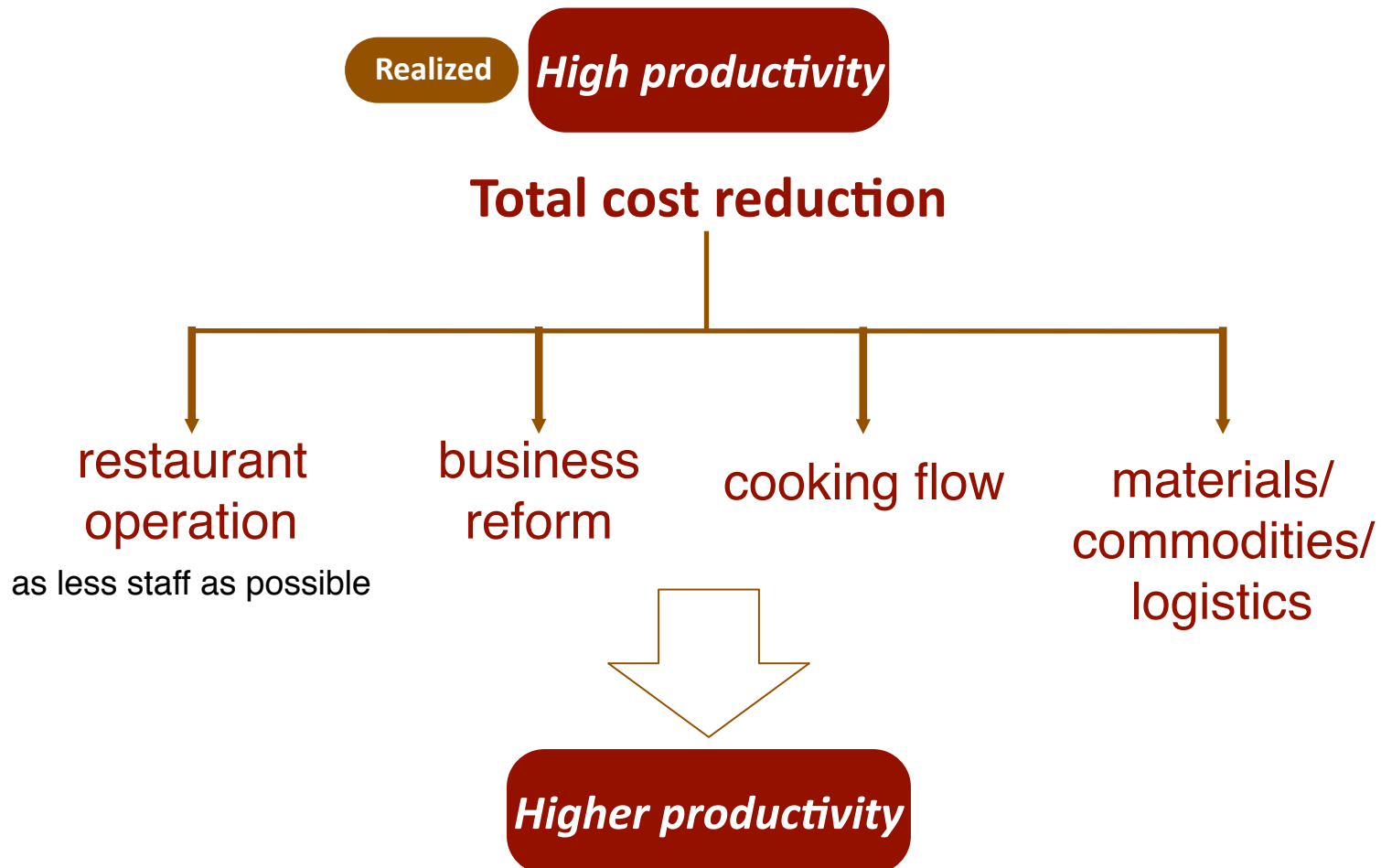
< Promoting mechanization >

to reduce labor burden of cooking
at each restaurant



Strength: High productivity (total cost reduction)

< Total cost reduction realized high productivity >



Market environment

"Fast-casual" category is the promising one

Market size

Food service industry as a whole: at
the level of 23 trillion yen
restaurants: about 12.5 trillion yen

Source: Foodservice Industry
Research Institute

promising category

Fast-casual restaurants

An intermediate category between fast-food restaurants and family restaurants, which realizes equivalent level of taste as conventional restaurants while delivering quick and affordable commodities



Today



Future

Our approach to Safety & Relief

- The largest chains of Japanese food family restaurants
- As for raw materials, not only quality but also their surrounding environment (e.g. soil, water) and transport mode to factories are checked

Steps to procure safe foodstuff

"Declaration of Relief"

In order to provide safe and delicious dishes to our customers, intensive quality control is carried out in every step from raw materials procurement, processing, distribution and through to in-store cooking.

Please feel relieved to enjoy happy time.

① Procurement

Not to mention Japan, from all over the world we procure reliable foodstuff only.



② Manufacturing

Materials are carefully processed at designated factories meeting our own criteria.



③ Distribution

Materials are transported always under the best conditions with temperature strictly controlled.



⑥ Serving

Our paramount mission is to serve our customers with safe and delicious dishes.



⑤ Cooking

Detailed manuals are specified and implemented, from how to wash hands, foodstuff management, to cleaning cooking utensils.



④ Inspection

Sanitary conditions in our restaurants are inspected by the HQ with no notice, and are strictly controlled.



Working environment

In addition to establishing our business brands, it is further important to create more comfortable working environment and more rigorous food safety control!

Staff attendance management by vein authentication

adopted Overtime pay is counted in minutes.

One week consecutive leave scheme

achieved 100% taken

Shift to regular employees

achieved 300 part-time employees shifted to regular employees

Low job turnover rate

actual job turnover rate: 5.2%

average in lodging / food service industries: 30.4%

source: Statistics Bureau of Japan, "Hiring rates and turnover rates of full-time workers by industry (2013)"

NO 24 hours operation

Full five-day workweek

promoting 100% achievement

Our employees feel comfortable to work.



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About our business categories



Features

- One of Japan's largest chains of family restaurants for Japanese food
- Many are located on main roads in the suburbs; some are in shopping centers
- Serving Japanese meals, such as nabe (hot pot), rice bowl dishes, and noodles at reasonable prices
- Realizing low-cost operation

Number of restaurants 199 restaurants
(118 in Kansai, 41 in Chubu, 40 in Kanto areas)

Average spending ¥1,200 ~ ¥1,300

Strategies

- Further cost reduction in opening new restaurants
- Scrap & build to enhance profitability
- Further evolution of "Sato-Shabu" and establishing another core menu following "Sato-Shabu"
- Adopting "table order system" at every restaurant

The largest brand of SRS group
Extremely popular for its "Sato-Shabu" (all-you-can-eat style Shabu-Shabu)





Starting brand of SRS group Serving traditional Japanese cuisine mainly in Osaka City

Features

- Focused on Nabe & Sushi, making full use of seasonal materials, taste of Dashi soup stock and craftsmanship
- Every restaurant provides Zashiki (Japanese style room), useful for large & small parties, Buddhist memorial service and celebration
- Fresh centers enable more stable quality of raw materials
- More freshness of foodstuff and more on-site productivity
- Home delivery service

Number of restaurants Sushi-Han Houzenji Main Restaurant: 1
Sushi-Han: 13 restaurants

Average spending ¥1,900 ~ ¥2,000

Strategies More on-site productivity by making use of fresh centers





Tendon & Tempura restaurant
Santen

Supreme Tempura
cooked by
nonprofessional

While committing to genuine Tempura,
realizing thorough systemization to
provide "Quick, Low-price and Sizzling"
Tendon & Tempura

1st restaurant opened in August, 2012

Features

- Fast-casual restaurants, a growing category
- New category that is developed internally
- Prawn Tendon (Tempura Bowl), the principal item, is served at 390 yen
- Thorough systemization and low-cost operation

Number of restaurants

Directly-managed: 19 restaurants

Average spending

around ¥550

Strategies

- Building up brand value
- Actively opening new directly-managed restaurants
- FC development





July, 2013
FOODSNET Corporation became a wholly-owned subsidiary.

Features

- Established brand image mainly in Kansai area
- Top brand of Kansai area as gourmet Sushi-go-round restaurants
- Wide variety of restaurant development (large, mid-size, small-size and roadside restaurants)
- Home delivery style Sushi restaurants are also developing

Number of restaurants

Nigiri Chojiro: 52 restaurants
Home delivery style Sushi: 23 shops

Average spending

around ¥2,300

Strategies

- Continuously opening new restaurants
- Creating synergies with other categories of SRS group for purchase/logistics
- Craftsman training (Omotenashi Dojo (hospitality training))

Genuine-oriented gourmet Sushi-go-round





October, 2010

SATO ARCLAND FOODSERVICE CO., LTD. was established by joint investment with Arcland Service Co., Ltd. (SRS contributes 51%).

Features

- Developing direct restaurants and FC restaurants in Kansai area
- Simple operation (narrow-focused foodstuff, cooking method and number of commodities)
Serving total 17 menu items made of principal 5 items of foodstuff
- Fair: Fair items are promoted monthly
Price cut campaign of regular menu items once in 2 months
- Overwhelming volume impression

Number of restaurants

Directly-managed: 15 restaurants
FC: 14 restaurants

Average spending

¥700 ~ ¥800

Strategies

- Actively developing takeout items and delivery service
- Accelerated opening new restaurants
- Full-blown FC development

Crispy, tender and big portion of pork cutlet

あたたかなサービスをお届けします。

カツ丼 490円 (税込529円)

おいしさ色々！

お持ち帰りできます！
デリバリーできます！

カツ丼(梅) 490円 (税込529円)
+100円 (税込169円)

カツ丼(竹) 650円 (税込702円)
120gコース

カツ丼(松) 850円 (税込918円)
120gコース

海鮮・ヒレ・メンチカツ丼 590円 (税込637円)
海鮮・ヒレ・メンチカツ丼

海鮮・ヒレ・メンチカツ丼 650円 (税込702円)
海鮮・ヒレ・メンチカツ丼

海鮮・ヒレ・メンチカツ丼 750円 (税込797円)
海鮮・ヒレ・メンチカツ丼

海鮮・ヒレ・メンチカツ丼 750円 (税込797円)
海鮮・ヒレ・メンチカツ丼

ソースカツ丼(梅) 490円 (税込529円)
120gコース

ソースカツ丼(竹) 650円 (税込702円)
120gコース

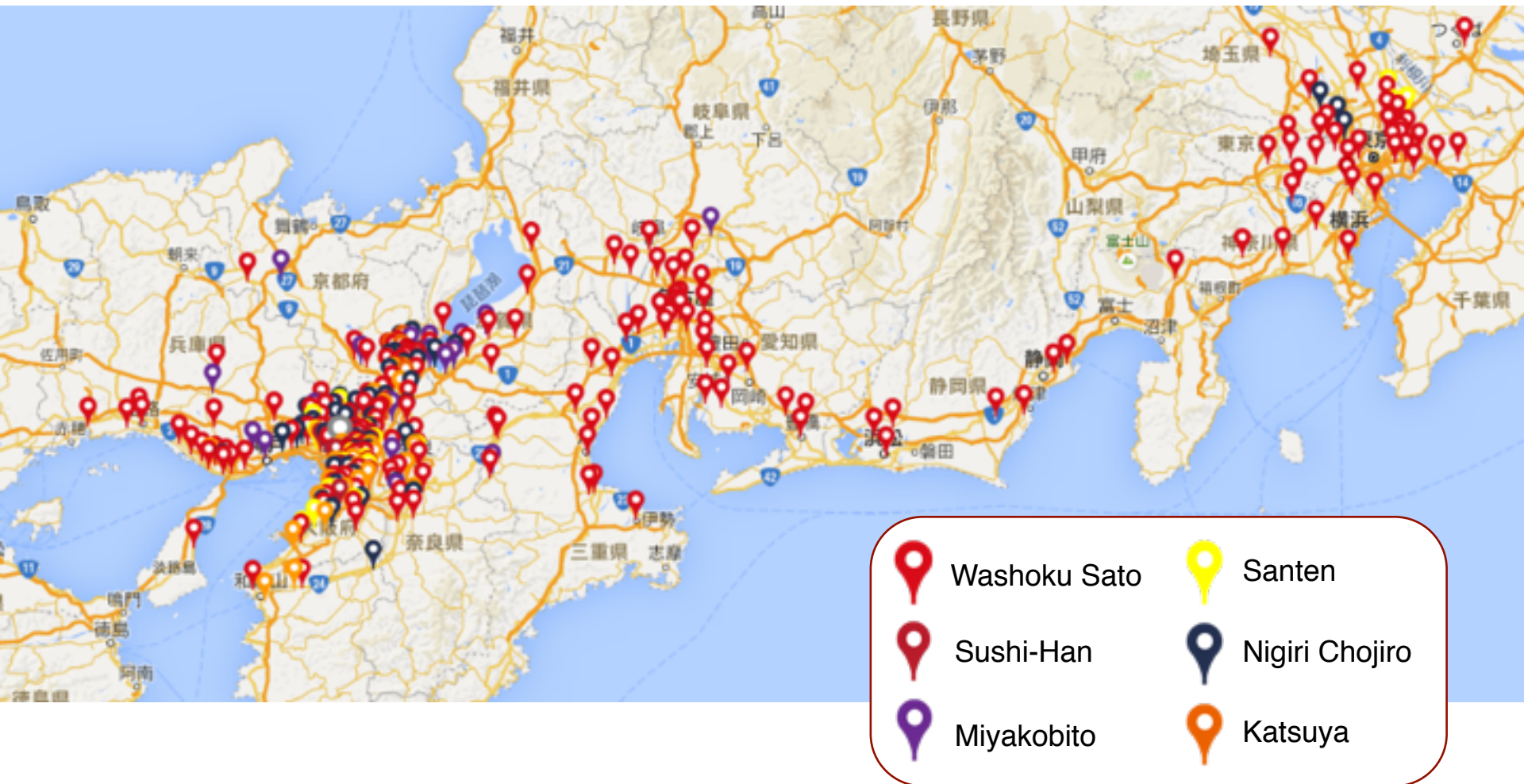
ヒレカツ丼 690円 (税込741円)
120gコース

新メニュー

新メニュー 80円 (税込88円) 小盛り 150円 (税込165円)
メンチカツ 150円 (税込165円) 小盛り 100円 (税込110円)
お肉の串 100円 (税込110円) 小盛り 50円 (税込55円)
オムライス 100円 (税込110円) コーヒー 100円 (税込110円)
お肉の串 100円 (税込110円) 小盛り 50円 (税込55円)

Domestic development

- Based in Kansai, and expanded to Chukyo area and Tokyo metropolitan area
- Creating logistics synergy with Foodsnet Corp.





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Overseas business development

Overseas business history

- Jul. 2008 1st restaurant in Shanghai opened(Shanghai City)→but closed later
- Oct. 2010 1st restaurant in Taiwan opened(in Hankyu department store)
Joint venture with President Chain Store Corp.
- Apr. 2013 2nd restaurant in Taiwan opened(Tamsui branch)
- Sep.2013 1st restaurant in Indonesia opened(Central Park branch)
Joint venture with PT. INDOMARCO PRISMATAMA (Indomaret)
- Oct. 2014 1st restaurant in Thailand opened(J-Park branch)
Started to sell "Sato Shabu"
Joint venture with Nippon Tei and Saha Group
- Apr. 2015 Started to sell"Sato Shabu"at Tamsui branch (Taiwan)
- May 2015 Second branch in Indonesia (MOI branch)
- Sep.2015 Started to sell "Sato Shabu" at branches in Indonesia
- Sep.2015 Second branch in Thailand opened (AMATA Home Pro branch)
- Oct. 2015 Third branch in Thailand opened (Sriracha AEON branch)



Number of restaurants 2 in Taiwan 2 in Indonesia 3 in Thailand (as of Oct. 31, 2015)



和食上都 阪急店

SATO
RESTAURANT
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Taiwan



和食上都 淡水店





in Jakarta

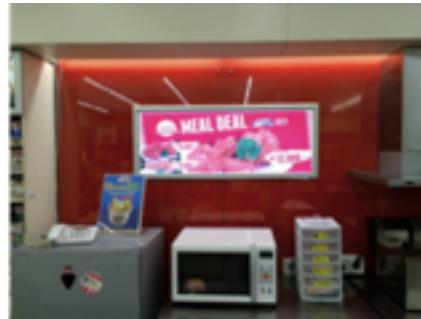
Indonesia





Indonesia

in Jakarta





Indonesia



in Jakarta

Mall Of Indonesia (MOI)
branch





Thailand



In THAILAND



In THAILAND



2014年11月24日(月) 11月24日
 The Daily News 5-1(1) (Thai) 11月24日

【タイ・東京】
サトレストランが合併設立、5年で8店目指す

日本サトレストランシステム株式会社（東京）と、タイのサトレストランシステム（タイ）が、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。合併後、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。合併後、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。

【東京】
 サトレストランシステム株式会社（東京）と、タイのサトレストランシステム（タイ）が、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。合併後、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。

【タイ】
 サトレストランシステム（タイ）は、日本サトレストランシステム株式会社（東京）と、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。合併後、タイ国内で、5年以内に8店舗を開業することを目標として、合併設立した。

In THAILAND





Thailand

In THAILAND

J-Park branch



AMATA Home Pro branch

Sriracha AEON branch



Overseas business

Aiming for "realizing Japanese restaurants where as many people as possible worldwide could enjoy genuine Japanese cuisine at reasonable prices."



Indonesia



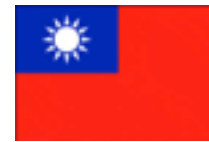
Joint venture
PT.INDOMARCO PRISMATAMA

September, 2013: 1st restaurant started up (Jakarta)

May, 2015: MOI branch opened

Strategies

- Establishing business base in Indonesia
- Expanding sales network for lunchbox in Indonesia



Taiwan



Joint venture
President Chain Restaurant Corporation

October, 2010: 1st restaurant started up in Hankyu department restaurant (Taipei)

April, 2013: 2nd restaurant started up in Danshui District (newly-established residential area)

Strategies

- More restaurants operated in Taiwan



2014: 3rd overseas development to Thailand

"We will contribute to rich cuisine culture by delivering genuine Japanese cuisine at reasonable price zone to more and more people in Thailand."

Thailand



【Joint venture】

Nippon Tei Group & Saha Group

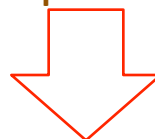
- August, 2014 Joint venture established
- October, 2014 **Washoku Sato**
1st restaurant opened (J-Park branch)
- September, 2015 AMATA Home Pro branch opened
- October, 2015 Sriracha AEON branch opened

【Strategies】

8 Washoku Sato
restaurants within 5 years



Further
expansion



Meotozenzai

Founded in 1883

A famous brand inheriting culinary tradition of ordinary people of Osaka,
located on **the 1st floor of Houzenji main restaurant**

Now rapidly gaining popularity, thanks to the same-named NHK drama
program "Meotozenzai"

(August - September, 2013)





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Corporate Profile

Corporate Profile

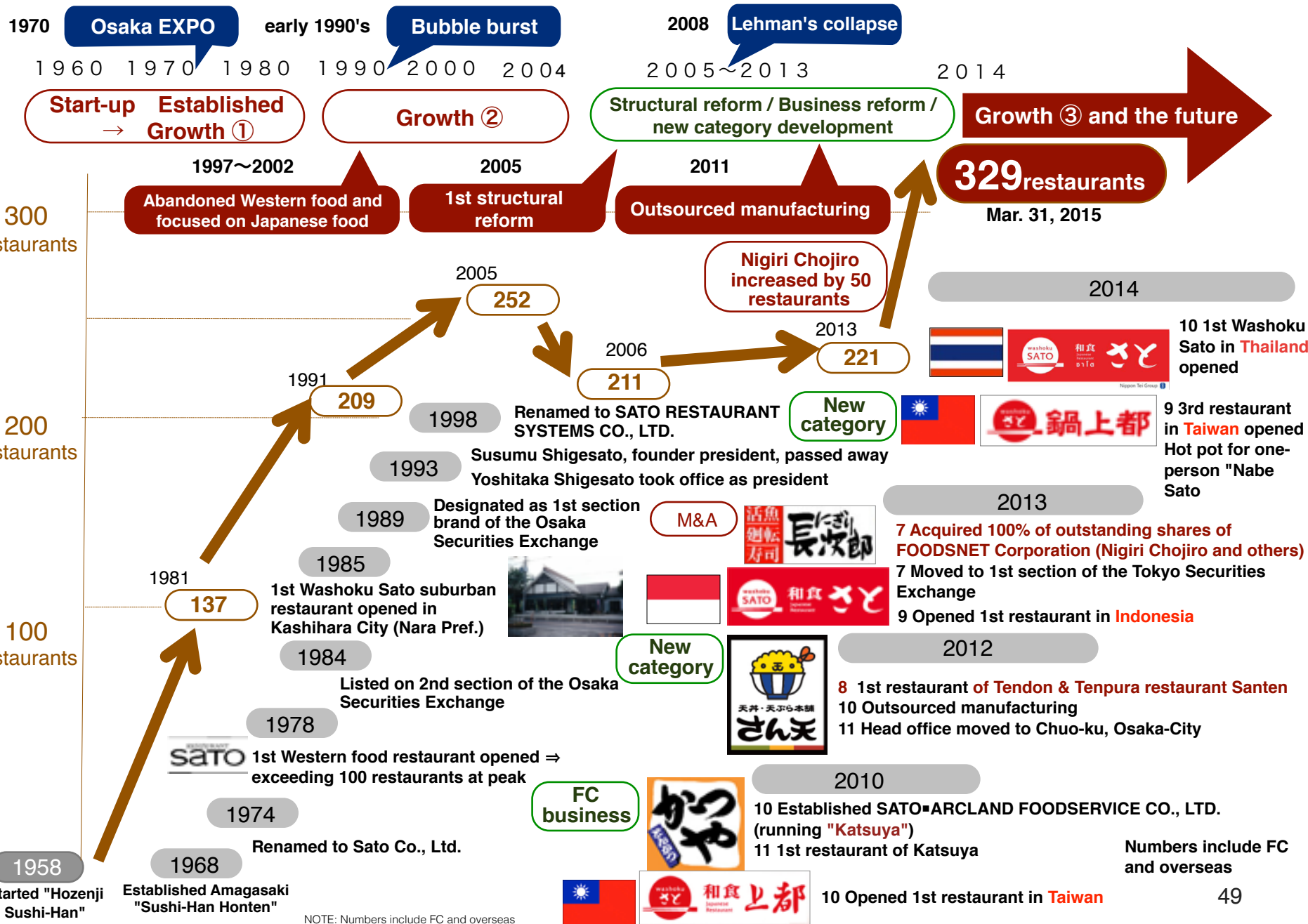


Registered Name	SATO RESTAURANT SYSTEMS CO., LTD.
Headquarters	30F Osaka Kokusai Building, 2-3-13, Azuchi-machi, Chuo-ku, Osaka-City, OSAKA, 541-0052
Established	August 27, 1968
Paid in Capital	¥8,532,000,000
Employees	1,174(consolidated) Part-time and temporary employees: 9,359 (consolidated)
Number of restaurants	342 (as of end of Sep. 2015) Japanese restaurants chain "Washoku Sato": 199 "Sushi-Han Houzenji Main Restaurant": 1 "Washoku Nabedokoro Sushi-Han": 13 Tenpura specialty restaurants "Tendon & Tenpura restaurant Santen": 17 Gourmet Sushi-go-round "Nigiri Chojiro": 52 Home-delivery & takeout Sushi shops "Miyakobito": 21 "Nigiri Chujiro": 3 Pork cutlet specialty restaurants "Katsuya" (Kansai area): 29 (Directly-managed: 15; FC: 14)
Subsidiaries	FOODSNET Corporation (Nigiri Chojiro, Nigiri Chujiro, Miyakobito) SATO■ARCLAND FOODSERVICE CO., LTD. (Katsuya)
Affiliates	President Sato Co., Ltd. (Taiwan) 3 restaurants PT. Indosato Jaya Makmur Co., Ltd. (Indonesia) 2 restaurants Nippon Tei Sato Co., Ltd. (Thailand) 2 restaurants

History of transition (corporate development and number of restaurants)



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Risk factors and measures

SRS group makes use of risk management for our day-to-day corporate management.

Sales fluctuation

- Measure** Accelerated opening new restaurants of "Katsuya" and "Santen", both of which are fast-casual restaurants insusceptible to economic fluctuation.
"Washoku Sato" aims for enhancing its profitability up to the limit and for the lowest price zone.

Competition

- Measure** Taking customers satisfaction as a motto, while planning affordable commodities in terms of price, quality and quantity.
Stable capabilities of procuring principal raw materials and kitchen capability always seeking streamlining.

Profit dispersion

- Measure** Sales dependency on the main category "Washoku Sato" declined from 90% to around 65%, due to acquisition of Foodsnet Corporation.
Actively developing the fast-casual restaurants of "Santen" and "Katsuya", thereby facilitating further dispersion.

Food safety

- Measure** Intensive quality control is carried out in every step from raw materials procurement, processing, distribution and through to in-store cooking.
Ensuring hand-washing and health status check at every restaurant, and more prompt reporting of bad health by means of workflow.

Purchase price and stable procurement

- Measure** Promoting purchase & development capabilities (e.g. direct purchase of foodstuff) and "vertical merchandising".
(examples) prawn, eel, Hijiki seaweed and grated radish

Human resource education

Manpower makes a company

SRS group has put its effort into fostering/reinforcing human resource as its paramount agenda.

Recommencing the educator scheme

With respect to education plan for the entire company organization, to assign a responsible person for supervising the plan in a centralized manner and, under a uniform education scheme, to promote fostering human resource with focus on educating candidates for executive positions.

Enhancing internal/external seminars

For discovering talented personnel and utilizing human resource, actively making use of in-house seminar inviting outside lecturer and of various external seminars, according to such as hierarchy, age and roles.

Considering dispatching employees to graduate schools

Depending on the educational objective, fostering professional staff and candidates for executive positions by making use of external education curriculum, beyond inheriting internal know-how.

Enhancing job-rotation

Towards accomplishing the new mid-term management plan, and under a uniform education scheme, carrying out well-planned staff assignment with a long-range viewpoint, with an aim to foster a large number of specialists.

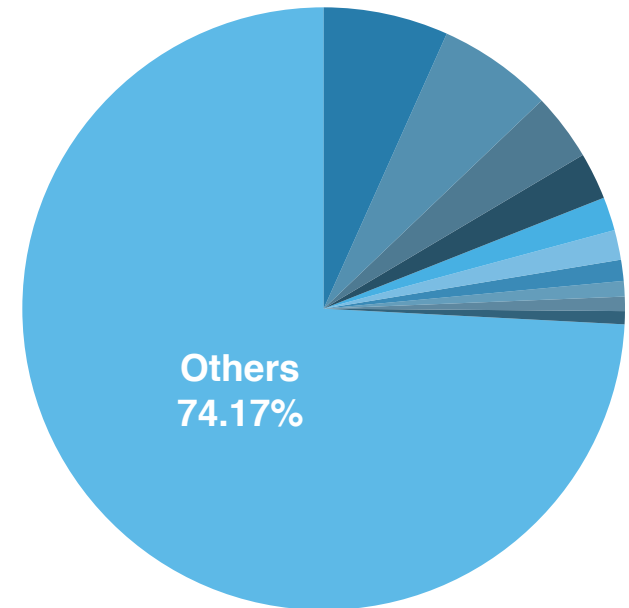
Shareholder composition

Total number of outstanding shares: 33,209,080 shares
Shareholders: 20,513

(as of Sep. 30, 2015)

	(thousand shares)	%
Yoshitaka Shigesato	2,230	6.71
Yuriko Shigesato	2,050	6.17
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,199	3.61
Japan Trustee Services Bank, Ltd.	838	2.52
Kirin Brewery Co., Ltd.	600	1.80
Japan Trustee Services Bank, Ltd.	532	1.60
Trust & Custody Services Bank, Ltd.	377	1.13
Key Coffee, Inc.	278	0.83
Sato Restaurant Systems Employees Stock Ownership	256	0.77
Mizuho Bank, Ltd.	235	0.70
Others	24,614	74.16

Number of foreign-owned shares:
860,550 shares 2.59%
Individual and other shareholders:
25,358,620 shares 76.36%





Contact

SATO RESTAURANT SYSTEMS CO., LTD.
Corporate Planning Division (Tanaka, Okamoto, Okada)

TEL: +81-6-7709-9977
email: 873@sato-rs.jp

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.