



Skylark Holdings

TSE 1st Section 3197 Industry: Food service, retail

Earnings forecast update in light of Omicron outbreak

Recovery takes time, but uncertainty reduced

We are updating our earnings forecasts for Skylark Holdings (3197, the company) in light of its 3Q FY12/21 results (IFRS), October-December monthly sales, and the recent surge in the number of cases of the new coronavirus. We slightly revise our target price from 1,550 yen to 1,600 yen and reiterate our Hold rating.

Same-store sales (vs. 2019; 2019 = 100%) have recovered from 62.5% in September to 89.8% in December due to the recovery in foot traffic and the company's enhanced sales promotion. We expect FY12/21 sales to be 264.0bn yen (-8.5% YoY), slightly above the company guidance of 260.0bn yen. In addition, we expect OP to be 22.5bn yen (vs. -23.0bn yen loss in FY12/20), above the company's guidance of 21.0bn yen, due to the recovering trend in sales.

Our previous OP forecast was 5.3bn yen (published on July 1, 2021). The major factor behind the large increase in our OP forecast is the upward revision of our assumption for subsidy income (from 18bn yen to 40bn yen). At the beginning of July, there was a great deal of uncertainty regarding the effect of the subsidies, but we have since observed strong subsidy effects in the earnings of food service companies. In our view, the uncertainty regarding the company's OP during the period of infection spread has been greatly reduced (see page 12).

Earnings forecast for FY12/22 and beyond: Moderate recovery

With the emergence of the Omicron variant, the number of cases of the new coronavirus has been increasing rapidly, and the regions requesting restaurants to shorten their opening hours have been expanding. For FY12/22, we are lowering our sales forecast from 332.4bn yen to 311.8bn yen (+18.1% YoY), but raising our OP forecast from 7.5bn yen to 10.4bn yen. In the revised sales forecast, we assume that 1) sales will decline in 1Q (Jan-Mar) at roughly the same level as in 3Q FY12/21 (assuming 32.5% decline vs. 2019), when infection of delta variant expanded rapidly, and that 2) sales will gradually recover from 2Q. On the other hand, our revised OP forecast incorporates an additional 12.0bn yen in subsidy income.

Our OP forecast is 12.0bn yen for FY12/23 (previously 20.7bn yen) and 18.6bn yen for FY12/24 (previously 23.1bn yen). We have not factored in subsidy income.

Valuations and risk factors

In calculating our target price of 1,600 yen, we used a residual income model (RIM) with a cost of equity of 4.0% (unchanged) and a terminal growth rate of 0.3% (unchanged), based on our earnings forecast for FY12/21-FY12/26 (updated due to progress of the term). Our target price is equivalent to 34.2x our FY12/24 EPS forecast of 46.85 yen.

Upside risks to our view include unexpectedly early earnings recovery and dividend hike. Downside risks include a significant increase in the number of new coronavirus infections, unexpected deterioration in same-store sales, reduction in subsidies, decrease in shareholder benefits, significant impairment of goodwill, violation of financial covenants, and customer defection due to food poisoning.

MITA SECURITIES Co., Ltd.

Junichi Shimizu

Chief Analyst, Head of Research

jshimizu@mitasec.com

Forecast change

Rating
Hold

Target price (JPY)	1,600 ← 1,550
Stock price (JPY) (Jan 19)	1,474
Market cap (JPYbn)	335.3

Key changes

Rating	No
Target price	Yes
Earnings forecast	Yes

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

IFRS		12/20	12/21E	12/22E	12/23E	12/24E
Sales	JPYbn	288.4	264.0	311.8	342.8	359.1
OP	JPYbn	-23.0	22.5	10.4	12.0	18.6
Pre-tax Profit	JPYbn	-26.4	18.7	7.6	9.2	16.0
NP	JPYbn	-17.2	11.5	4.8	5.9	10.7
EPS	JPY	-87.2	50.7	21.2	26.1	46.9
BPS	JPY	576	739	746	762	797
DPS	JPY	0.0	14.0	10.0	12.0	20.0
PER	x	-18.3	29.1	69.7	56.5	31.5
PBR	x	2.8	2.0	2.0	1.9	1.8
Div. yield	%	0.0	0.9	0.7	0.8	1.4
ROA	%	-3.8	2.5	1.0	1.2	2.2
ROE	%	-14.0	8.2	2.8	3.5	6.0

Source: Company data, Mita Securities

Company profile

Skylark HD is Japan's largest operator of family restaurants, including "Gusto," and "Bamiyan." The company had 3,105 stores at the end of September 2021. FY12/20 sales were 288.4bn yen.

Investment thesis

Outlook

Making progress in addressing business challenges

In FY12/20, the company posted a significant net loss of -17.2bn yen, but in FY12/21, the company built up equity capital of over 50bn yen, in our estimate, thanks to capital increase and subsidy income. We positively view the company's progress in repairing its balance sheet, which had been its greatest challenge. The company has been strengthening its financial basis for near-term investment in DX and for future store openings.

Recovery of balance sheet, investment in DX, improved format mix, cost measures

In terms of DX investment, the company is deploying cat-like floor service robots in a number of stores and expects to install 2,000 of them during FY12/22. Cat-like robots would not only improve the efficiency of serving operations, but also enhance the entertainment value of the store experience for customers, in our view. We expect them to play a role like pandas in zoos. In addition, the company plans to replace its POS registers, upgrade its touch-panel menu books, and introduce self-checkout systems, leading to a more advanced level of DX.

We expect the number of stores at the end of FY12/22 to be 3,089 (down 5 stores YoY), as we believe that the company is unlikely to open new stores in a large scale while the impact of the pandemic remains. On the other hand, we believe that the company is optimizing the mix of store formats through the pandemic by closing underperforming stores or changing formats, thereby retaining highly competitive stores. For example, while the number of stores of Jonathan's has declined significantly, the number of stores of Musashino Mori Coffee, Shabuyo, and Bamiyan has increased.

While the food service industry is generally concerned about cost increase factors such as food ingredients and labor costs, we believe that the company has several measures to mitigate the impact on profitability, such as improving the utilization of its central kitchens, enhancing logistics efficiency, and optimizing the menu mix across the group.

Key assumptions for our FY12/22 earnings forecast

We forecast FY12/22 sales of 311.8bn yen (+18.1% YoY), a 16.9% decrease from FY12/19 (pre-pandemic). We expect sales to decline 32.5% vs. FY12/19 in 1Q, when the regions affected by the shorter operating hours request are expected to expand, but after that, we expect sales to decline 13.7% in 2Q, 12.1% in 3Q, and 9.3% in 4Q compared to FY12/19. We assume that subsidy income related to the request for shorter operating hours in 1Q will be 12.0bn yen (for reference, full-year subsidy income for FY12/21 is assumed to be 40.0bn yen).

We expect sales to decline by 32.5% in 1Q vs. 2019 due to operating restrictions, but also expect large subsidy income

Figure: Summary of Mita Securities' earnings forecast (consolidated)

JPYm	12/19	12/20	12/21	12/22	12/23	12/24	12/21	12/21	12/22	12/23
IFRS	A	A	Mita E	Mita E	Mita E	Mita E	CoE	Consensus	Consensus	Consensus
Earnings										
Sales	375,394	288,434	264,038	311,834	342,765	359,067	260,000	264,190	315,171	320,829
(YoY, %)	2.5	-23.2	-8.5	18.1	9.9	4.8				
Operating profit	20,562	-23,031	22,488	10,369	11,968	18,611	21,000	16,671	14,236	15,367
(YoY, %)	-10.0	NA	NA	-53.9	15.4	55.5				
OPM (%)	5.5	-8.0	8.5	3.3	3.5	5.2				
Pre-tax profit	16,729	-26,433	18,719	7,646	9,245	15,998	17,000	12,544	10,403	11,653
(YoY, %)	-10.0	NA	NA	-59.2	20.9	73.0				
Net profit	9,487	-17,214	11,538	4,812	5,931	10,659	10,000	7,411	8,571	7,920
(YoY, %)	-17.1	NA	NA	-58.3	23.3	79.7				
Depreciation and amortization	51,061	51,168	48,098	48,194	48,291	48,387				
Capital expenditure	20,386	15,770	14,000	12,250	14,000	17,500				
Free CF	47,379	20,982	27,683	36,354	47,970	38,157				
KPI										
Number of stores	3,258	3,126	3,094	3,089	3,089	3,104				
(YoY, %)	1.8	-4.1	-1.0	-0.2	0.0	0.5				
Sales per store	116	90	85	101	111	116				
(YoY, %)	0.7	-22.3	-6.0	18.8	10.0	4.5				
Per share indicators										
EPS (JPY)	48.03	-87.16	50.71	21.15	26.07	46.85	46.64	32.57	37.67	34.81
BPS (JPY)	672.48	576.00	738.92	746.08	762.15	797.00				
DPS (JPY)	19.00	0.00	14.00	10.00	12.00	20.00	14.00			
Valuation, profitability, etc.										
PER (x)	44.4	NA	29.1	69.7	56.5	31.5				
PBR (x)	3.2	2.8	2.0	2.0	1.9	1.8				
Dividend payout ratio (%)	39.6	NA	27.6	47.3	46.0	42.7				
Dividend yield (%)	0.9	0.0	0.9	0.7	0.8	1.4				
ROA (%)	2.4	-3.8	2.5	1.0	1.2	2.2				
ROE (%)	7.2	-14.0	8.2	2.8	3.5	6.0				
Financial soundness indicators										
Capital ratio (%)	29.3	25.8	36.2	35.8	35.9	38.3				
Debt/Equity (x)	1.9	2.3	1.4	1.4	1.4	1.2				
Net debt/EBITDA (x)	3.3	8.8	3.0	3.6	3.3	2.9				

Source: Company data, QUICK data, Mita Securities

Note: Consensus forecasts are by QUICK consensus. Net profit stands for net profit attributable to owners of the company

Figure: Summary of Mita Securities' earnings forecast change (consolidated)

JPYm	12/21	12/21	12/21	12/22	12/22	12/23	12/23	12/24	12/24
	CoE	Old Mita E	New Mita E	Old Mita E	New Mita E	Old Mita E	New Mita E	Old Mita E	New Mita E
Sales	260,000	281,986	264,038	332,399	311,834	362,139	342,765	371,480	359,067
Operating profit	21,000	5,310	22,488	7,455	10,369	20,689	11,968	23,071	18,611
Pre-tax profit	17,000	1,490	18,719	4,622	7,646	17,856	9,245	20,403	15,998
Net profit	10,000	503	11,538	2,696	4,812	11,959	5,931	13,742	10,659
EPS (JPY)	46.64	2.21	50.71	11.85	21.15	52.57	26.07	60.41	46.85

Source: Company data, Mita Securities

Valuations

Stock valuation based on residual income model (RIM)

In calculating our target price of 1,600 yen, we used a residual income model (RIM) with a cost of equity of 4.0% (unchanged) and a terminal growth rate of 0.3% (unchanged), based on our earnings forecast for FY12/21-FY12/26 (updated due to progress of the term). Our target price is equivalent to 34.2x our FY12/24 EPS forecast of 46.85 yen.

TP of 1,600 yen based on RIM

Figure: Residual Income Model (RIM)

	Y0	Y1	Y2	Y3	Y4	Y5	Y6~
	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E
JPYbn	12/21	12/22	12/23	12/24	12/25	12/26	12/27
Shareholders' equity (EOP)	168.1	169.7	173.4	181.3	190.4	200.5	
Net profit		4.8	5.9	10.7	13.6	16.0	
Cost of equity		6.7	6.8	6.9	7.3	7.6	
Residual income		-1.9	-0.9	3.7	6.4	8.4	
PV of residual income		-1.8	-0.8	3.3	5.5	6.9	
PV of terminal value							186.1
Beta	0.70						
Risk free rate (%)	0.50						
Risk premium (%)	5.00						
Cost of equity (%)	4.00						
Terminal growth rate (%)	0.30						
Total equity value							367.2
Number of shares O/S (m)							228
Target share price							1,600

Source: Company data, Mita Securities

Figure: Sensitivity of target price to terminal growth rate

Terminal growth rate (%)	0.0	0.1	0.2	0.3	0.4	0.5	0.6	0.7	0.8	0.9	1.0
Target price	1,550	1,550	1,600	1,600	1,650	1,650	1,700	1,700	1,750	1,800	1,800

Source: Mita Securities

Comparison of valuations with peers

Figure: Comparison of valuations for food service companies

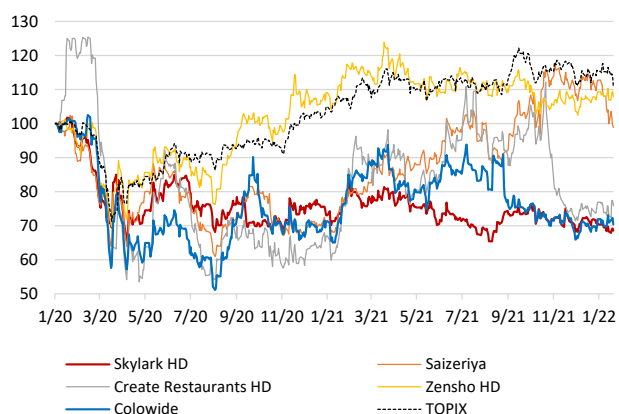
Company name	Ticker	PX 19-Jan	Mkt cap JPYbn	Net D/E Last	Sales YoY LTM	EBITDA Mgn LTM	ROE LTM	ROE Cur E	ROE Nxt E	PER LTM	PER Cur E	PER Nxt E	PBR Last	EV/EBITDA Cur E	EV/Sales Cur E	Div yield Cur E	1M Chg	3M Chg	1YR Chg
KURA SUSHI INC (TP 5,000 Buy)	2695	3,525	145.9	0.1	8.7	2.3	4.1	8.3	10.6	73.5	35.7	24.8	2.9	12.4	0.8	0.6	1.1	-3.4	13.0
MCDONALD'S HOLDINGS CO JAPAN	2702	4,995	664.1	-0.2	9.1	14.4	12.3	12.0	12.0	30.2	29.5	26.2	3.5	12.4	1.9	0.8	-2.8	-3.0	-2.3
OTOYA HOLDINGS CO LTD	2705	2,726	19.8	0.2	-12.1	6.0	NA	NA	NA	38.6	NA	NA	NA	NA	NA	NA	3.2	-1.1	20.4
FUJIO FOOD GROUP INC	2752	1,244	55.5	3.6	-12.3	8.8	-12.7	21.2	NA	NA	47.1	33.9	10.1	NA	2.5	0.0	-10.5	-10.1	2.5
AMIYAKI TEI CO LTD	2753	2,866	19.6	-0.1	-14.5	-13.9	2.0	2.6	NA	48.3	37.8	36.3	1.0	NA	0.5	0.3	-1.2	-5.6	0.8
HIRAMATSU INC	2764	174	13.0	4.1	9.1	-25.3	-67.3	NA	NA	NA	NA	NA	2.0	NA	NA	NA	-5.4	-20.2	27.9
PEPPER FOOD SERVICE CO LTD	3053	343	13.5	2.4	NA	-6.2	NA	NA	NA	NA	NA	NA	9.0	NA	NA	NA	-9.5	-9.7	37.8
CHOUSHIMARU CO LTD	3075	1,100	16.0	-0.8	-1.7	1.3	10.2	NA	NA	21.0	NA	NA	2.0	NA	NA	0.5	-0.5	-6.8	6.3
ARCLAND SERVICE HOLDINGS CO	3085	2,112	69.9	-0.6	21.1	12.9	19.4	19.4	12.5	15.6	14.8	21.0	2.8	9.9	1.3	1.4	-7.4	-7.5	1.7
DOUTOR NICHIRETS HOLDINGS CO	3087	1,564	71.3	-0.3	3.3	5.0	-2.2	4.8	1.5	NA	15.1	45.8	0.7	9.6	0.4	1.6	0.7	-9.6	-2.5
BRONCO BILLY CO LTD	3091	2,215	33.4	-0.3	-8.7	8.0	5.4	NA	NA	35.0	NA	NA	1.9	NA	NA	0.7	-7.0	-10.4	-0.7
MONOGATARI CORP (TP 9,100 Buy)	3097	6,050	73.1	0.1	7.4	9.7	11.7	16.4	16.2	32.2	20.7	18.5	3.6	9.7	1.0	1.1	-5.6	-18.9	8.3
CHIMNEY CO LTD	3178	1,123	21.7	0.8	-61.2	-34.0	-43.7	NA	NA	NA	NA	NA	3.2	NA	NA	NA	-5.6	-24.0	-6.6
TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold)	3193	1,755	20.4	0.6	NA	NA	NA	8.1	11.4	NA	NA	35.8	3.4	NA	1.2	0.0	4.2	-13.3	15.9
HOTLAND CO LTD	3196	1,210	26.1	0.6	5.8	4.5	15.8	22.3	NA	21.8	14.9	25.3	3.1	NA	1.0	0.4	-7.5	-12.0	-1.8
SKYLARK HOLDINGS CO LTD (TP 1,600 Hold)	3197	1,474	335.3	2.1	-12.9	28.6	-0.2	2.6	5.1	NA	67.4	47.2	2.1	7.0	1.6	1.0	-2.2	-6.3	-9.7
SFP HOLDINGS CO LTD	3198	1,384	35.7	-0.1	-58.6	17.7	0.3	14.4	NA	887.2	19.8	23.8	2.8	NA	2.2	0.0	4.3	-12.0	3.4
CREATE RESTAURANTS HOLDINGS	3387	717	152.6	3.5	-24.0	28.2	10.2	27.2	NA	58.3	21.3	32.6	3.9	NA	2.4	0.6	4.4	-32.4	-0.8
SAINT MARC HOLDINGS CO LTD	3395	1,447	33.0	-0.2	-7.3	-6.1	-22.2	-12.9	2.8	NA	NA	35.5	1.0	NA	0.5	3.0	1.9	-7.9	-3.0
TORIDOLL HOLDINGS CORP	3397	2,273	199.1	3.0	5.7	12.5	5.1	8.3	6.0	118.9	53.0	41.9	5.7	10.7	2.1	0.3	-4.7	-18.7	54.0
KOMEDA HOLDINGS CO LTD (TP 3,000 Buy)	3543	2,022	93.3	1.5	10.0	24.0	13.3	13.5	13.7	19.9	18.6	17.2	2.6	15.2	4.1	2.6	1.3	-3.3	7.0
KUSHIKATSU TANAKA HOLDINGS C	3547	1,987	18.7	1.6	-42.8	-50.3	-38.2	57.7	35.2	NA	31.8	22.6	15.4	20.6	1.7	0.6	2.1	-14.5	25.8
CHIKARANOMOTO HOLDINGS CO LT	3561	542	14.7	3.7	-14.9	6.6	-15.0	NA	NA	NA	NA	NA	4.7	NA	NA	NA	-6.1	-13.3	-7.7
FOOD & LIFE COMPANIES LTD	3563	3,425	397.5	2.2	17.5	16.2	23.0	21.3	23.5	30.1	27.9	21.1	6.3	12.3	1.8	0.7	-16.3	-30.3	-11.3
ATOM CORP	7412	765	148.1	0.2	-19.3	1.6	-10.9	NA	NA	NA	NA	NA	18.7	NA	NA	NA	2.7	0.1	-14.8
KAPPA CREATE CO LTD	7421	1,313	64.9	0.4	0.9	3.7	8.2	NA	NA	74.3	NA	NA	5.9	NA	NA	NA	-1.0	-4.0	-13.6
WATAMI CO LTD	7522	864	36.9	3.5	-18.0	-7.4	-75.2	NA	NA	NA	NA	NA	2.7	NA	NA	NA	-0.8	-15.1	-8.5
ZENSHO HOLDINGS CO LTD	7550	2,691	416.7	2.2	4.3	7.2	12.4	17.1	12.9	38.6	25.3	31.1	4.5	12.1	0.9	0.8	1.7	1.1	-5.4
KOURAKUEN HOLDINGS CORP	7554	1,326	22.2	1.1	-14.4	4.7	13.5	13.6	NA	45.1	39.9	1,894.3	5.6	NA	1.0	0.4	-6.0	-11.4	-20.6
ANRAKUTEI CO LTD	7562	6,430	13.8	1.6	27.2	-4.7	2.7	NA	NA	120.3	NA	NA	3.2	NA	NA	NA	5.6	7.9	25.6
SAIZERIYA CO LTD	7581	2,660	139.0	-0.2	5.0	7.9	4.8	10.7	7.0	32.6	13.7	19.5	1.5	6.6	0.8	0.7	-10.1	-14.6	26.1
HIDAY HIDAHA CORP	7611	1,623	61.9	-0.3	-24.5	-12.0	-1.2	NA	NA	NA	NA	NA	2.9	NA	NA	0.7	0.8	-1.0	-7.2
COLOWIDE CO LTD	7616	1,623	141.0	3.6	-7.6	12.0	-16.2	NA	NA	NA	NA	NA	4.0	NA	NA	NA	3.2	-4.0	-7.8
UKAI CO LTD	7621	2,988	15.7	1.5	-3.1	-8.0	-40.6	NA	NA	NA	NA	NA	7.0	NA	NA	NA	-0.4	-0.9	1.4
GLOBAL-DINING INC	7625	330	3.4	0.9	34.8	7.0	25.6	NA	NA	5.2	NA	NA	1.2	NA	NA	NA	-11.3	-49.8	60.2
ICHIBANYA CO LTD	7630	4,560	145.6	-0.5	-3.7	9.2	8.7	8.9	NA	56.3	53.9	38.3	4.9	NA	2.9	1.8	1.2	-0.8	-12.1
ASAKUMA CO LTD	7678	1,548	8.3	-0.4	-22.5	-22.4	-29.2	NA	NA	NA	NA	NA	3.2	NA	NA	NA	1.3	0.5	2.7
MOS FOOD SERVICES INC	8153	2,990	95.7	-0.2	12.3	10.5	8.1	6.3	NA	25.1	31.0	29.8	1.9	NA	1.0	0.9	-1.6	-5.1	-4.6
KISOJI CO LTD	8160	2,171	57.8	0.0	-12.5	NA	-13.7	NA	NA	NA	NA	NA	2.4	NA	NA	NA	0.5	0.0	-12.5
SRS HOLDINGS CO LTD	8163	767	29.8	0.5	-0.7	8.0	8.8	NA	NA	29.1	NA	NA	2.2	NA	NA	NA	-0.1	1.5	-8.4
ROYAL HOLDINGS CO LTD	8179	1,782	80.9	2.3	-15.6	-10.7	-47.6	-13.8	10.9	NA	NA	44.1	2.9	NA	1.5	0.0	-4.1	-17.6	-0.8
RINGER HUT CO LTD	8200	2,205	57.5	1.0	-10.6	-2.6	-6.8	6.3	NA	NA	87.5	216.2	4.8	NA	1.9	0.5	1.3	-0.4	-7.0
GIFT INC	9279	2,315	23.0	0.0	22.7	9.2	29.8	28.0	NA	21.6	15.6	15.8	5.6	NA	1.3	1.1	-13.2	-19.3	21.0
GENKI SUSHI CO LTD	9828	2,438	21.7	0.6	6.7	5.8	6.3	NA	NA	41.3	NA	NA	2.6	NA	NA	NA	-0.2	-12.6	3.9
GOURMET KINEYA CO LTD	9850	971	22.2	1.5	-20.1	6.3	-16.2	NA	NA	NA	NA	NA	2.6	NA	NA	NA	-1.0	-2.9	-0.1
GINZA RENAISSANCE CO LTD	9853	829	5.2	0.1	-25.9	-39.4	-37.8	NA	NA	NA	NA	NA	1.7	NA	NA	NA	0.7	0.0	1.2
YOSHINOYA HOLDINGS CO LTD	9861	2,382	155.1	0.8	-14.3	11.3	9.5	18.0	2.8	37.1	18.8	70.0	3.4	17.0	1.1	0.0	3.7	7.3	11.9
KFC HOLDINGS JAPAN LTD	9873	2,821	63.3	-0.8	11.3	8.6	16.5	NA	NA	15.8	NA	NA	2.5	NA	NA	NA	-2.0	-5.8	0.4
MATSUYA FOODS HOLDINGS CO LTD	9887	3,510	66.9	0.3	-4.7	0.8	2.3	NA	NA	70.7	NA	NA	1.7	NA	NA	NA	-0.6	-5.1	0.7
SAGAMI HOLDINGS CORP	9900	1,023	31.0	-0.2	-6.9	-5.6	-5.7	NA	NA	NA	NA	NA	2.2	NA	NA	NA	0.2	1.3	-14.6
OHSO FOOD SERVICE CORP (TP 7,250 Buy)	9936	5,860	136.5	-0.2	-0.3	11.6	12.8	12.0	10.1	16.0	15.3	18.6	2.0	NA	1.4	1.8	-2.3	-1.8	1.9
JOYFULL CO LTD	9942	811	25.9	4.9	-22.8	-6.6	105.9	NA	NA	9.9	NA	NA	6.0	NA	NA	NA	1.0	-1.7	19.8
DAISYO CORP	9979	987	20.9	0.9	-23.9	13.1	-10.6	NA	NA	NA	NA	NA	1.6	NA	NA	NA	5.6	-4.9	0.7
Average				1.0	-6.3	1.8	-2.1	13.1	11.4	69.0	31.5	106.9	3.9	12.0	1.5	0.8	-1.8	-8.6	4.1
Median				0.6	-6.9	6.0	3.4	12.0	10.9	33.8	26.6	31.1	2.9	12.1	1.3	0.7	-0.5	-5.8	0.7

Source: Bloomberg Finance LP data, Mita Securities

Note: Forecasts are based on Bloomberg consensus. Shading indicates stocks covered by Mita Securities

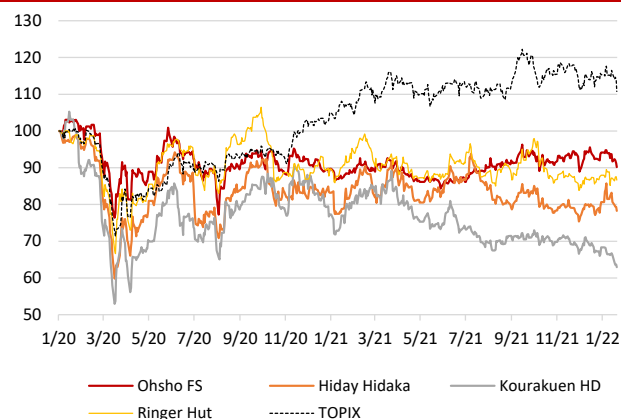
Stock price trends for food service companies

Figure: Stock price trends (family restaurants, general type)



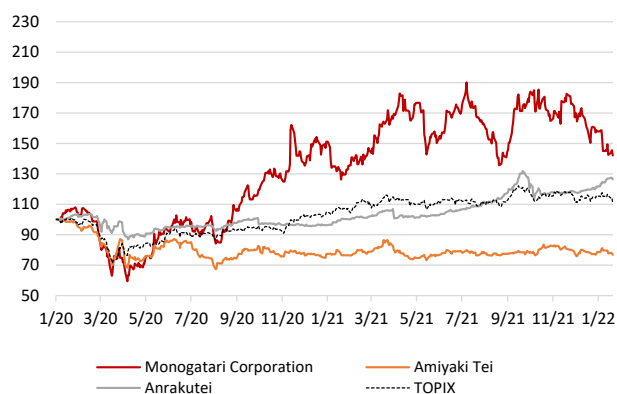
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



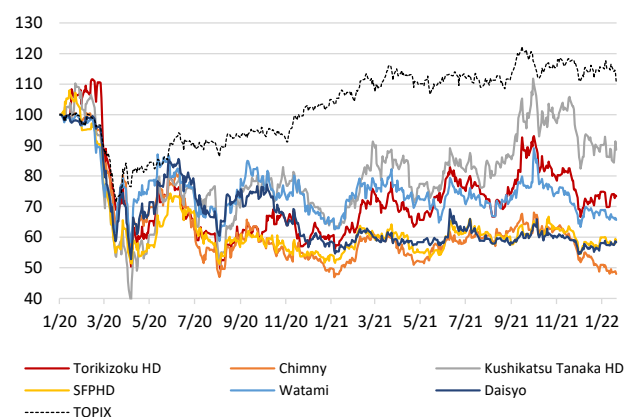
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



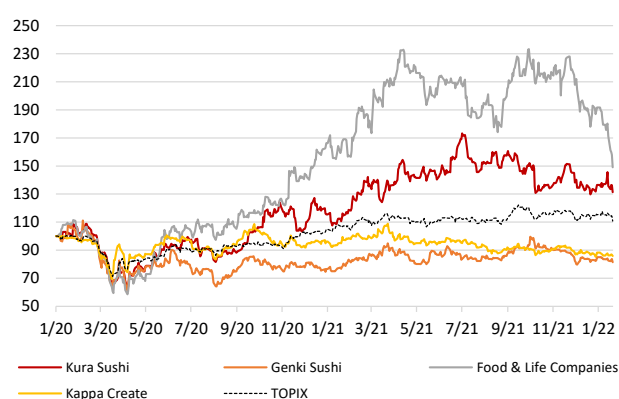
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



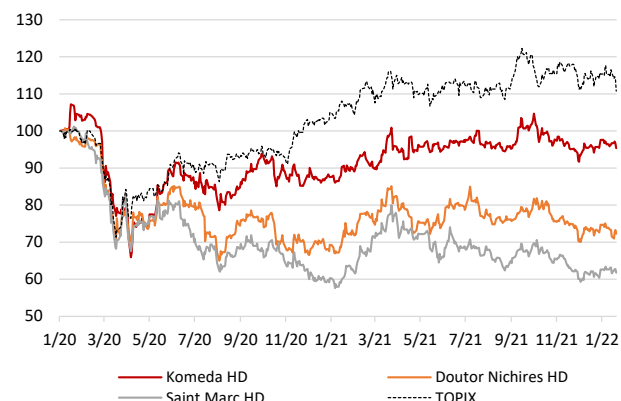
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (sushi restaurants)



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (coffee shops)



Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Risk factors

Upside risks to our view include unexpectedly early earnings recovery and dividend hike.

Downside risks include a significant increase in the number of new coronavirus infections, unexpected deterioration in same-store sales, reduction in subsidies, decrease in shareholder benefits, significant impairment of goodwill, violation of financial covenants, and customer defection due to food poisoning.

Mita Securities' earnings forecast

Figure: Mita Securities' earnings forecast (consolidated, various indicators)

Various indicators	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	5yr CAGR
Consolidated	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	(%)
Sales growth (%)	1.9	2.5	-23.2	-8.5	18.1	9.9	4.8	3.2	2.7	
Same-store sales growth (%)	0.4	0.3	-24.3	-5.9	18.7	10.0	4.5	2.5	1.7	
Store count growth (%)	1.7	1.8	-4.1	-1.0	-0.2	0.0	0.5	1.0	1.0	
OP growth (%)	-18.7	-10.0	NA	NA	-53.9	15.4	55.5	22.3	14.6	
Pre-tax profit growth (%)	-20.9	-10.0	NA	NA	-59.2	20.9	73.0	26.7	16.4	
NP growth (%)	-26.4	-17.1	NA	NA	-58.3	23.3	79.7	28.0	17.0	
GPM (%)	69.6	69.6	68.4	69.3	69.4	69.7	69.8	69.9	69.9	
OPM (%)	6.2	5.5	-8.0	8.5	3.3	3.5	5.2	6.1	6.9	
EBITDA margin (%)	10.2	19.2	9.8	26.7	18.8	17.6	18.7	19.2	19.6	
ROA (%)	3.5	2.4	-3.8	2.5	1.0	1.2	2.2	2.8	3.3	
ROE (%)	8.9	7.2	-14.0	8.2	2.8	3.5	6.0	7.3	8.2	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, PL, JPYm)

PL	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	5yr CAGR
Consolidated, JPYm	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	(%)
Sales	366,360	375,394	288,434	264,038	311,834	342,765	359,067	370,653	380,509	7.6
Cost of sales	111,401	114,045	91,288	81,060	95,421	103,858	108,438	111,567	114,533	
Gross profit	254,959	261,348	197,146	182,978	216,413	238,907	250,629	259,086	265,976	
Other operating income	881	899	2,394	43,000	13,000	1,000	1,000	1,000	1,000	
SG&A	230,538	236,930	212,637	200,490	216,743	225,639	230,718	235,016	238,589	
Other operating expenses	2,445	4,755	9,935	3,000	2,300	2,300	2,300	2,300	2,300	
Operating profit	22,857	20,562	-23,031	22,488	10,369	11,968	18,611	22,770	26,087	3.0
Interest income	14	12	14	10	15	15	15	15	15	
Other income	7	2	2	4	2	2	2	2	2	
Interest expense	4,214	3,816	2,813	2,782	2,640	2,640	2,530	2,420	2,420	
Other expenses	68	31	605	1,000	100	100	100	100	100	
Pre-tax profit	18,596	16,729	-26,433	18,719	7,646	9,245	15,998	20,267	23,584	4.7
Corporate taxes	7,158	7,242	-9,219	7,182	2,834	3,313	5,339	6,620	7,615	
NP attributable to non-controlling interests	0	0	0	0	0	0	0	0	0	
NP attributable to owners of the company	11,438	9,487	-17,214	11,538	4,812	5,931	10,659	13,647	15,969	6.7
EBITDA	37,226	71,941	28,384	70,586	58,563	60,258	66,998	71,254	74,667	
Shares outstanding (m)	197	198	198	228	228	228	228	228	228	
EPS (JPY)	58.04	48.03	-87.16	50.71	21.15	26.07	46.85	59.99	70.19	
BPS (JPY)	661.92	672.48	576.00	738.92	746.08	762.15	797.00	836.99	881.18	
DPS (JPY)	38.00	19.00	0.00	14.00	10.00	12.00	20.00	26.00	32.00	
Payout ratio (%)	65.5	39.6	NA	27.6	47.3	46.0	42.7	43.3	45.6	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (store count)

Assumptions for store count	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	5yr CAGR
	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	(%)
New openings	89	86	46	40	35	40	50	60	60	
Number of stores	3,200	3,258	3,126	3,094	3,089	3,089	3,104	3,134	3,164	0.4
(YoY, %)	1.7	1.8	-4.1	-1.0	-0.2	0.0	0.5	1.0	1.0	
Sales/Ave number of stores (JPYm)	115	116	90	85	101	111	116	119	121	7.3
(YoY, %)	-0.2	0.7	-22.3	-6.0	18.8	10.0	4.5	2.5	1.7	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, BS, JPYm)

BS	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	Syr CAGR
Consolidated, JPYm	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	(%)
Total current assets	37,736	36,658	36,317	61,398	63,518	65,469	49,002	50,924	54,316	
Cash and cash equivalents	18,908	18,949	17,030	27,630	27,798	40,493	22,920	27,364	30,264	
Trade and other receivables	9,714	10,689	13,588	11,007	14,623	6,037	7,736	8,512	8,168	
Inventories	4,282	4,899	4,304	5,297	6,042	6,422	5,547	3,720	5,793	
Other	4,522	1,798	1,350	17,414	15,000	12,462	12,739	11,269	10,031	
Total non-current assets	292,935	417,321	405,354	402,651	410,632	417,266	424,357	433,433	441,862	
Tangible fixed assets	104,447	230,040	210,530	212,004	211,903	213,308	217,643	224,761	231,523	
Goodwill	146,098	146,072	146,059	146,007	146,007	146,007	146,007	146,007	146,007	
Other intangible assets	6,602	5,835	4,726	4,326	5,109	5,616	5,883	6,073	6,235	
Other	35,788	35,373	44,039	40,314	47,612	52,334	54,823	56,592	58,097	
Total assets	330,671	453,979	441,672	464,049	474,150	482,735	473,358	484,357	496,177	1.3
Total current liabilities	157,277	97,588	203,726	93,621	100,881	105,146	103,074	104,656	106,156	
Short-term debt	111,379	18,459	125,845	24,000	24,000	24,000	22,000	22,000	22,000	
Trade and other payables	26,299	26,349	24,435	21,697	25,541	27,800	29,026	29,863	30,657	
Other financial liabilities	3,487	32,757	31,735	28,645	28,645	28,645	26,258	26,258	26,258	
Other	16,112	20,022	21,712	19,279	22,695	24,702	25,791	26,535	27,241	
Total non-current liabilities	42,941	223,574	124,185	202,321	203,535	204,199	188,965	189,286	189,553	
Long-term debt	21,675	110,859	20,000	104,089	97,339	93,644	75,922	74,137	72,653	
Other financial liabilities	5,364	96,511	88,311	83,266	90,016	93,711	95,820	97,605	99,089	
Other	15,902	16,204	15,873	14,966	16,180	16,844	17,223	17,544	17,810	
Total liabilities	200,218	321,162	327,911	295,943	304,416	309,345	292,039	293,942	295,708	0.0
Total equity	130,453	132,817	113,761	168,107	169,734	173,390	181,319	190,416	200,469	3.6
Equity attributable to owners of the company	130,453	132,817	113,761	168,107	169,734	173,390	181,319	190,416	200,469	3.6
Non-controlling interests	0	0	0	0	0	0	0	0	0	
Total liabilities and equity	330,671	453,979	441,672	464,049	474,150	482,735	473,358	484,357	496,177	
Debt	141,905	258,586	265,891	240,000	240,000	240,000	220,000	220,000	220,000	-1.7
Net debt/EBITDA (x)	3.3	3.3	8.8	3.0	3.6	3.3	2.9	2.7	2.5	
D/E (x)	1.1	1.9	2.3	1.4	1.4	1.4	1.2	1.2	1.1	
Shareholders' equity ratio (%)	39.5	29.3	25.8	36.2	35.8	35.9	38.3	39.3	40.4	

Source: Company data, Mita Securities

Figure: Mita Securities' earnings forecast (consolidated, CF, JPYm)

CF	12/18	12/19	12/20	12/21	12/22	12/23	12/24	12/25	12/26	Syr CAGR
Consolidated, JPYm	A	A	A	Mita E	Mita E	Mita E	Mita E	Mita E	Mita E	(%)
Operating CF	31,571	67,825	36,724	37,958	55,901	66,693	58,146	64,763	64,320	
NP attributable to owners of the company	11,438	9,487	-17,214	11,538	4,812	5,931	10,659	13,647	15,969	
Depreciation and amortization	14,075	51,061	51,168	48,098	48,194	48,291	48,387	48,484	48,581	
Other	6,058	7,277	2,770	-21,677	2,895	12,471	-900	2,632	-229	
Investing CF	-19,667	-20,446	-15,742	-10,275	-19,548	-18,723	-19,989	-22,769	-22,505	
Capital expenditure	-19,020	-20,386	-15,770	-14,000	-12,250	-14,000	-17,500	-21,000	-21,000	
Disposal of fixed assets	0	1,062	8	0	0	0	0	0	0	
Other	-647	-1,122	20	3,725	-7,298	-4,723	-2,489	-1,769	-1,505	
Financing CF	-8,049	-47,350	-22,921	-17,083	-36,185	-35,275	-55,730	-37,550	-38,915	
Dividends paid	-7,470	-6,110	-1,986	0	-3,185	-2,275	-2,730	-4,550	-5,915	
Share capital issuance/buyback	93	209	0	42,808	0	0	0	0	0	
Debt issuance/repayment	1,512	-3,175	16,107	-25,891	0	0	-20,000	0	0	
Other	-2,184	-43	-565	-1,000	0	0	0	0	0	
Cash and cash equivalents	18,908	18,949	17,030	27,630	27,798	40,493	22,920	27,364	30,264	
Free CF	11,904	47,379	20,982	27,683	36,354	47,970	38,157	41,994	41,815	

Source: Company data, Mita Securities

Monthly data for food service companies

Figure: Same-store sales for food service companies covered by Mita Securities

Ticker	Company name		1/20	2/20	3/20	4/20	5/20	6/20	7/20	8/20	9/20	10/20	11/20	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21	12/21
2695	Kura Sushi	vs. prev yr vs. 2019	104.8	112.2	84.5	51.9	80.0	97.4	92.3	94.6	107.9	126.1	134.4	94.6	84.5	86.2	115.4	174.2	112.7	93.5	113.1	94.8	74.8	80.1	82.2	117.5
3097	Monogutari Corporation	vs. prev yr vs. 2019	105.3	125.7	97.2	13.8	48.6	96.1	104.0	92.2	97.3	109.3	114.0	93.9	77.1	68.2	86.9	600.4	160.4	76.9	91.7	81.6	80.8	102.6	95.2	113.3
		vs. prev yr vs. 2019	81.2	85.7	84.5	82.9	78.0	73.9	95.4	75.2	78.6	112.1	108.5	107.0	85.2	91.9	87.8	86.0	82.0	76.4	102.0	82.8	91.7	126.7	119.6	117.8
	Yakiniku division	vs. prev yr vs. 2019	106.4	137.5	103.7	14.9	50.3	103.3	111.5	97.6	101.6	116.7	123.3	99.2	80.1	66.8	84.7	577.0	163.1	74.0	91.5	84.8	90.3	108.6	97.0	118.1
	Ramen division	vs. prev yr vs. 2019	104.6	107.7	90.5	14.3	54.1	90.8	93.7	88.3	94.5	99.7	96.7	91.6	82.2	76.4	87.9	546.9	148.9	82.9	95.4	82.1	76.3	96.1	100.0	111.4
	Yuzuan division	vs. prev yr vs. 2019	103.6	107.6	84.7	10.9	42.6	83.7	96.1	84.9	91.0	101.2	106.6	89.4	71.1	69.1	94.3	697.3	162.7	81.6	90.7	71.4	65.8	94.3	85.6	100.2
3193	Torikizoku HD	vs. prev yr vs. 2019	107.5	106.0	83.9	3.9	12.1	73.2	76.8	59.1	77.2	93.1	81.3	51.9	28.1	32.7	55.4	948.7	41.5	18.0	38.9	16.6	8.8	66.7	92.7	155.0
		vs. prev yr vs. 2019	97.6	99.6	76.1	41.8	52.2	69.4	73.6	73.3	73.2	78.3	88.4	85.1	78.1	66.5	70.9	93.7	164.6	128.6	92.5	100.3	83.3	79.4	92.9	95.3
3197	Skylark HD	vs. prev yr vs. 2019	97.6	99.6	76.1	41.8	52.2	69.4	73.6	73.3	73.2	78.3	88.4	85.1	78.1	66.5	70.9	93.7	164.6	128.6	92.5	100.3	83.3	79.4	92.9	95.3
3543	Komeda HD	vs. prev yr vs. 2019	101.8	112.9	90.5	53.1	71.3	85.5	89.9	92.5	101.0	101.6	96.0	95.2	89.2	93.8	109.5	188.1	134.0	108.2	119.7	98.7	89.6	104.0	105.9	107.6
		vs. prev yr vs. 2019	90.8	105.9	99.0	99.9	95.6	92.8	107.9	91.6	90.7	105.8	101.8	102.7	90.8	105.9	99.0	99.9	95.6	92.8	107.9	91.6	90.7	105.8	101.8	102.7
9936	Ohsho Food Service	vs. prev yr vs. 2019	109.9	111.3	96.6	78.3	88.2	93.5	93.9	95.8	94.6	100.7	97.5	96.1	88.8	89.5	95.8	121.2	103.7	102.4	104.6	91.4	90.6	101.9	100.6	105.3
		vs. prev yr vs. 2019	97.6	99.6	92.5	94.9	91.5	95.7	98.2	87.6	85.7	102.7	98.1	100.0	97.6	99.6	92.5	94.9	91.5	95.7	98.2	87.6	85.7	102.7	98.1	100.0

Source: Companies' data, Mita Securities

Figure: Same-store sales for food service companies not covered by Mita Securities

Ticker	Company name		1/20	2/20	3/20	4/20	5/20	6/20	7/20	8/20	9/20	10/20	11/20	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21	12/21
2702	McDonald's HD Japan	vs. prev yr vs. 2019	102.6	114.7	99.9	106.5	115.2	96.8	101.0	112.4	106.3	110.7	109.6	107.2	118.7	101.0	107.5	109.2	105.7	114.7	121.0	105.3	114.7	113.4	105.4	102.4
															121.8	115.8	107.4	116.3	121.8	111.0	122.2	118.4	121.9	125.5	115.5	109.4
3053	Pepper Food Service (Ikinari! Steak)	vs. prev yr vs. 2019	66.5	61.3	51.1	37.4	49.4	57.6	64.0	62.0	67.1	74.6	71.1	67.6	64.6	71.5	86.9	144.7	157.4	80.5	81.2	79.9	76.3	84.3	98.2	104.8
															43.0	43.8	44.4	54.1	77.8	46.4	52.0	49.5	51.2	62.9	69.8	70.6
3085	Arcland Service HD (Katsuya)	vs. prev yr vs. 2019	104.3	106.3	94.6	89.6	97.7	96.4	106.9	103.2	94.7	101.7	104.7	100.6	100.2	99.0	100.9	114.1	104.8	101.2	106.8	95.2	99.8	102.7	103.4	104.2
															104.5	105.2	95.5	102.2	102.4	97.6	114.2	98.2	94.5	104.4	108.3	104.8
3087	Doutor Nichires HD (Doutor Coffee Shop)	vs. prev yr vs. 2019	100.6	96.2	77.9	35.9	36.5	67.0	68.8	69.3	71.8	79.6	76.2	77.2	68.4	73.5	97.4	204.6	192.3	113.5	112.8	96.3	95.9	102.0	109.2	110.6
															68.8	70.7	75.9	73.5	70.2	76.2	77.9	67.0	69.1	81.4	83.5	85.7
3397	Toridoll HD	vs. prev yr vs. 2019	106.4	108.9	84.7	50.0	63.2	83.6	85.5	88.4	86.2	94.6	93.4	87.0	79.1	78.4	99.5	184.8	147.6	108.3	113.5	94.5	103.2	101.9	101.7	106.2
															84.2	85.4	84.3	92.4	93.3	90.5	97.0	83.5	89.4	96.4	95.0	92.4
	Marugame Seimen	vs. prev yr vs. 2019	108.1	110.0	86.5	50.3	63.6	85.2	86.2	90.0	86.5	94.4	83.8	88.0	78.0	82.0	99.5	184.0	147.9	109.1	115.4	94.7	105.6	102.4	101.4	104.8
															84.3	90.2	86.1	92.6	94.1	93.0	99.5	85.2	91.3	96.7	85.0	92.2
3563	Food & Life Companies (Zushiro)	vs. prev yr vs. 2019	107.0	112.0	86.3	55.6	81.4	97.9	96.5	87.7	97.1	104.3	94.7	98.7	95.1	99.9	120.0	178.0	112.6	95.3	103.5	96.4	90.0	94.0	96.3	100.1
															101.8	111.9	103.6	99.0	91.7	93.3	99.9	84.5	87.4	98.0	91.2	98.8
7550	Zensho HD (Sukiya)	vs. prev yr vs. 2019	101.9	110.0	92.2	88.1	90.8	91.3	102.7	98.8	98.4	104.9	100.5	101.3	99.8	92.1	104.6	114.2	118.1	108.9	108.7	100.5	103.0	105.4	104.6	118.2
															101.7	101.3	96.4	100.6	107.2	99.4	111.6	99.3	101.4	110.6	105.1	119.7
7581	Saizeriya	vs. prev yr vs. 2019	105.1	106.6	78.5	38.6	47.8	66.5	72.9	71.5	77.3	90.1	84.0	75.2	62.0	67.1	91.3	192.3	139.7	98.9	101.1	83.4	76.7	98.7	104.6	115.8
															65.2	71.5	71.7	74.2	66.8	65.8	73.7	59.6	59.3	88.9	87.9	87.1
7611	Hiday Hidaka	vs. prev yr vs. 2019	100.8	104.7	82.0	49.3	48.0	65.8	73.9	75.7	80.7	87.0	82.3	77.9	55.7	54.3	70.5	118.3	99.3	78.9	74.2	62.6	62.2	81.6	95.4	103.5
															56.1	56.9	57.8	58.3	47.7	51.9	54.8	47.4	50.2	71.0	78.5	80.6
7630	Ichibanya	vs. prev yr vs. 2019	100.3	102.5	90.2	74.0	79.5	85.1	89.3	91.4	89.2	96.2	89.8	91.0	84.2	80.9	91.3	118.7	110.0	95.8	96.0	89.0	88.8	95.5	97.4	103.3
															84.5	82.9	82.4	87.8	87.5	81.5	85.7	81.3	79.2	91.9	87.5	94.0
8153	Mos Food Services	vs. prev yr vs. 2019	108.7	115.9	100.9	103.7	112.2	106.2	106.6	102.9	100.3	107.7	123.5	114.2	108.9	110.0	109.3	112.6	120.5	111.0	113.4	111.5	117.3	115.1	97.5	98.5
															118.4	127.5	110.3	116.8	135.2	117.9	120.9	114.7	117.7	124.0	120.4	112.5
8179	Royal HD																									
	Royal Host	vs. prev yr vs. 2019	103.8	103.9	79.7	42.1	54.2	78.2	86.1	81.2	83.5	95.3	90.8	79.8	69.5	76.4	103.2	191.6	148.8	99.7	97.2	85.9	85.1	100.2	105.9	115.0
															72.1	79.4	82.3	80.7	80.6	78.0	83.3	69.8	71.1	95.5	96.2	91.8
	Tendon Tenya	vs. prev yr vs. 2019	95.9	98.2	79.1	58.1	63.6	80.1	81.6	86.4	83.6	92.0	88.6	84.1	89.3	96.6	108.7	157.6	147.7	110.1	114.1	104.5	107.7	108.7	112.3	111.1
															85.6	94.9	86.0	91.6	93.9	88.2	93.1	90.3	90.0	100.0	99.5	93.4
8200	Ringer Hut	vs. prev yr vs. 2019	98.1	97.5	74.8	42.6	51.3	70.9	74.9	73.3	76.9	87.2	84.7	79.5	69.2	76.3	96.2	173.4	136.2	101.6	107.8	98.0	97.3	100.5	103.7	109.0
															67.9	74.4	72.0	73.9	69.9	72.0	80.7	71.8	74.8	87.6	87.8	86.7
9861	Yoshinoya HD (Yoshinoya)	vs. prev yr vs. 2019	109.5	97.9	98.2	96.0	92.7	87.7	94.3	83.2	90.9	100.4	93.4	89.6	91.9	81.4	89.5	89.9	99.4	99.6	95.9	107.3	102.2	98.7	108.7	107.4
															100.6	79.7	87.9	86.3	92.1	87.3	90.4	89.3	92.9	99.1	101.5	96.2
9887	Matsuya Foods HD (Matsuya)	vs. prev yr vs. 2019	106.4	115.5	94.8	77.8	77.8	83.3	88.4	87.6	85.3	97.1	91.1	91.0	84.9	81.0	91.6	108.9	112.2	98.8	95.5	96.1	93.0	89.7	99.1	96.3
															90.3	93.6	86.8	84.7	87.3	82.3	84.4	84.2	79.3	87.1	90.3	87.3

Source: Companies' data. Mita Securities

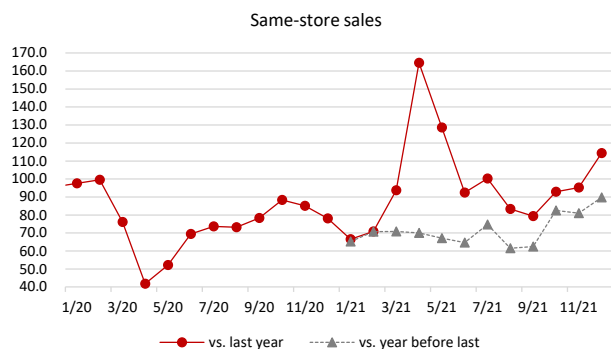
Figure: Same-store sales for food service companies (average for companies covered by Mita Securities and non-covered companies)

		1/20	2/20	3/20	4/20	5/20	6/20	7/20	8/20	9/20	10/20	11/20	12/20	1/21	2/21	3/21	4/21	5/21	6/21	7/21	8/21	9/21	10/21	11/21	12/21
Simple average for 21 companies	vs. prev yr vs. 2019	102.0	105.4	86.1	58.6	68.8	83.2	87.5	85.6	88.4	97.4	94.9	87.8	80.7	80.9	86.6	205.0	124.2	95.8	100.5	89.7	88.1	97.3	100.7	110.0
														82.7	85.8	83.4	84.9	84.2	80.5	88.4	78.8	95.0	93.1	95.1	95.6

Source: Companies' data. Mita Securities

Monthly data for Skylark Holdings

Figure: Same-store sales



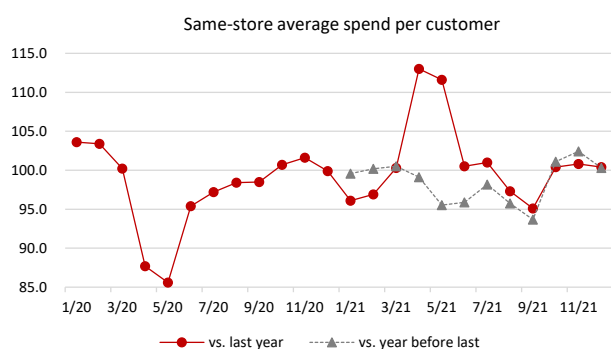
Source: Company data, Mita Securities Note: Same month last year or year before last = 100

Figure: Same-store number of customers



Source: Company data, Mita Securities Note: Same month last year or year before last = 100

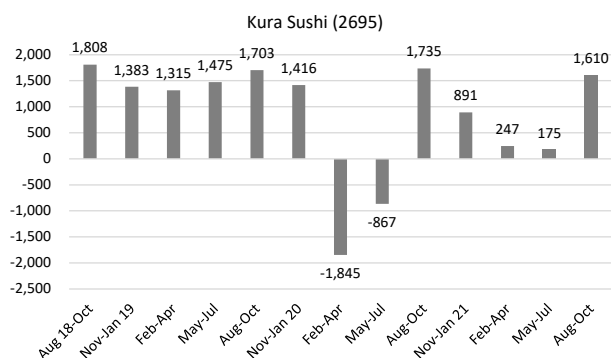
Figure: Same-store average spend per customer



Source: Company data, Mita Securities Note: Same month last year or year before last = 100

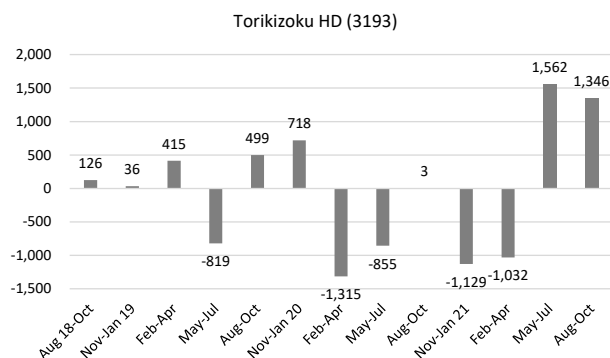
Pre-tax profits for food service companies covered by Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



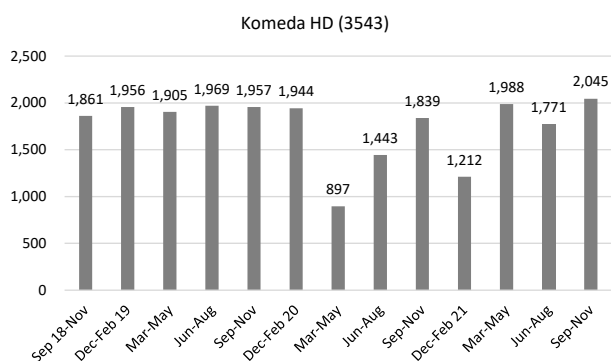
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



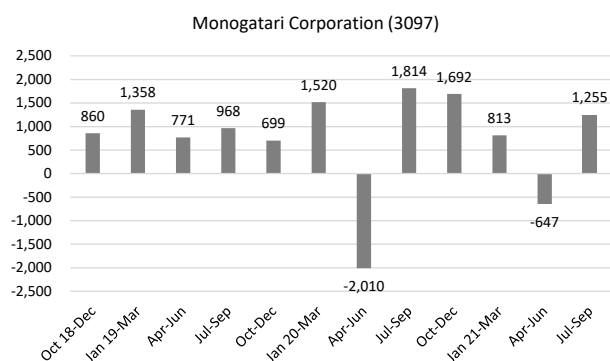
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



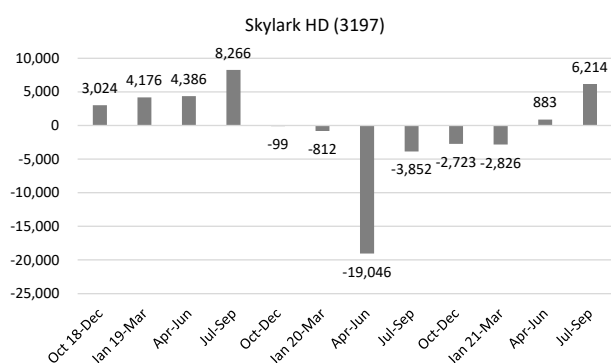
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



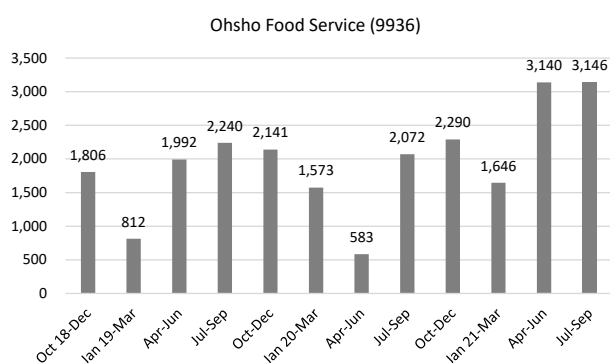
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



Source: Company data, Mita Securities

APPENDIX

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The target price and ratings are based on our views for the next 12 months or so.

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