



Torikizoku Holdings

TSE 1st Section 3193 Industry: Food service, retail

February sales affected by Omicron; Second Toriki Burger store to open this week in Shibuya

February SSS 112.8% vs. 2021, 39.1% vs. 2019 (pre-pandemic)

Torikizoku Holdings (3193, the company) disclosed monthly data for February. Same-store sales were 112.8% vs. February 2021 (200.1% for January), 36.9% vs. February 2020, and 39.1% vs. February 2019. The number of holidays (weekends and national holidays) was the same as in February 2021, one day fewer than in February 2020, and one more than in February 2019. Compared to February 2021, the guest count was 109.9% (191.7% for January), and the average check was 102.6% (104.4% for January).

The tough sales in February should not come as a surprise, as most of the company's stores were subject to shortened operating hours requests due to the large number of new coronavirus cases. While some izakaya operators temporarily closed their stores in response to local government requests regarding operating hours and alcohol service, the company's basic policy is to keep stores open. The company has been able to secure the staff necessary to operate its stores and should be able to return to normal operations smoothly after the operating restrictions are lifted, in our view. While the izakaya industry is facing a very difficult business environment under the pandemic, we believe that the company's relative competitiveness within the industry has been further strengthened.

Store count

The number of stores at the end of February was 615 (unchanged MoM). The number of directly-owned stores was 384 (unchanged MoM).

Second Toriki Burger store to open in Shibuya on March 10

The company is preparing to open its second Toriki Burger store, a fast food restaurant specializing in chicken burgers, in Udagawa-cho, Shibuya-ku on March 10. The store will be located on the first floor of a building along Inokashira Street, and a Torikizoku izakaya store is already occupying the third floor of the same building. It should be interesting to see the reaction of consumers in the heart of Shibuya, a fiercely competitive fast food district.

Business environment for March remains challenging, but with some encouraging factors

Torikizoku was featured in the TBS variety TV program "Sakagami & Sashihara no Tsuburenai Mise" broadcast on Sunday, March 6. The program has a strong influence on consumers and is likely to have a positive impact on the company's March sales, in our view.

The number of cases of new coronavirus reached its peak in early February and has been on a gradual downward trend since then.

The priority measures to prevent the spread of the disease, which had been applied to 31 prefectures, were lifted on March 6 for 13 prefectures, and extended to March 21 for 18 prefectures. The majority of the company's stores are located in areas where the measures have been extended, and we will keep a close eye on the decision on March 21.

Please refer to the report dated November 1, 2021 for the rationale of the rating and target price.

MITA SECURITIES Co., Ltd.

Junichi Shimizu

Chief Analyst, Head of Research

jshimizu@mitasec.com

Update

Rating

Hold

| | |
|---------------------------|-------|
| Target price (JPY) | 2,100 |
| Stock price (JPY) (Mar 7) | 1,666 |
| Market cap (JPYbn) | 19.4 |

Key changes

| | |
|-------------------|----|
| Rating | No |
| Target price | No |
| Earnings forecast | No |

Stock price (JPY)



Source: Bloomberg Finance LP

Earnings

| | | 7/20 | 7/21 | 7/22E | 7/23E | 7/24E |
|------------|-------|-------|-------|-------|-------|-------|
| Sales | JPYbn | 27.5 | 15.6 | 17.7 | 28.4 | 33.8 |
| OP | JPYbn | 1.0 | -4.7 | -3.5 | 0.6 | 1.3 |
| RP | JPYbn | 1.0 | -0.3 | -0.6 | 0.6 | 1.3 |
| NP | JPYbn | -0.8 | -0.5 | -0.5 | 0.6 | 1.2 |
| EPS | JPY | -65.9 | -40.3 | -46.6 | 49.0 | 103.9 |
| BPS | JPY | 489.1 | 450.6 | 404.0 | 453.0 | 552.8 |
| DPS | JPY | 4.0 | 0.0 | 0.0 | 4.0 | 8.0 |
| PER | x | NA | NA | NA | 34.4 | 16.2 |
| PBR | x | 2.5 | 3.8 | 4.2 | 3.7 | 3.1 |
| Div. yield | % | 0.3 | 0.0 | 0.0 | 0.2 | 0.5 |
| ROA | % | -4.1 | -2.5 | -3.3 | 3.2 | 6.0 |
| ROE | % | -12.5 | -8.6 | -10.9 | 11.4 | 20.7 |

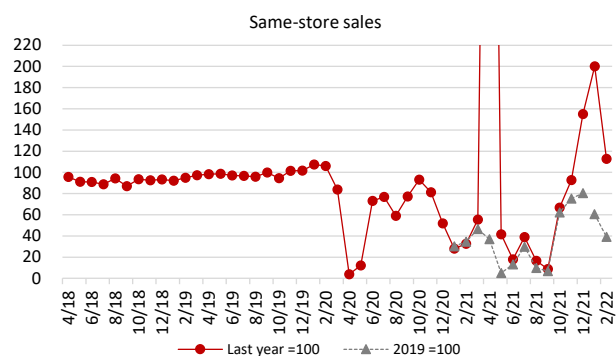
Source: Company data, Mita Securities

Company profile

Torikizoku HD is a restaurant company based in Osaka Prefecture that operates one of Japan's largest izakaya (Japanese style pub) chains "Yakitori-ya Torikizoku." Torikizoku had 615 stores (383 directly-owned stores and 232 franchise stores) as of the end of FY7/21. Sales in FY7/21 were 15.6bn yen, and the peak of sales before the COVID-19 pandemic was 35.8bn yen in FY7/19.

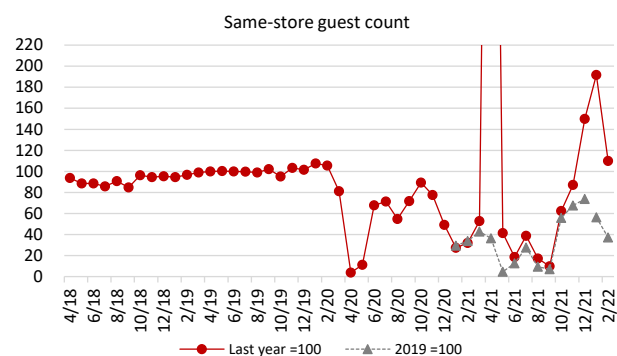
Monthly data for Torikizoku Holdings

Figure: Same-store sales (%)



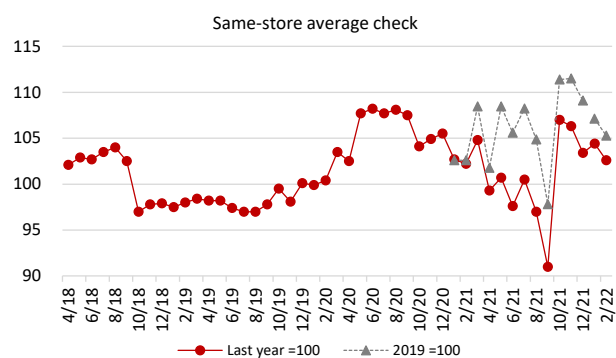
Source: Company data, Mita Securities

Figure: Same-store guest count (%)



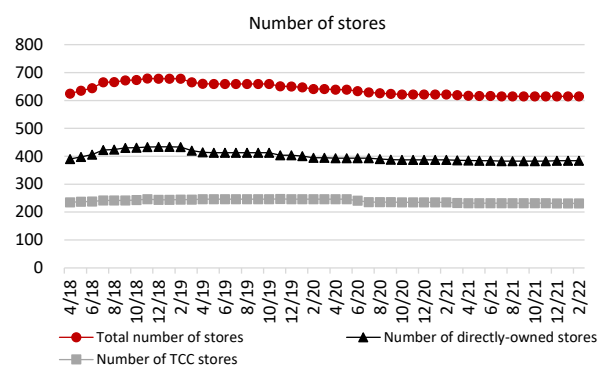
Source: Company data, Mita Securities

Figure: Same-store average check (%)



Source: Company data, Mita Securities

Figure: Number of stores



Source: Company data, Mita Securities

Monthly data for food service companies

Figure: Monthly data 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 | 1/22 | 2/22 |
|--------|------------------------|---------------|-------|-------|-------|------|------|-------|-------|------|-------|-------|-------|-------|------|-------|-------|-------|-------|-------|-------|------|------|-------|-------|-------|-------|-------|
| 2695 | Kura Sushi | vs. prev yr | 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 | 117.6 | 123.5 | 99.1 |
| | | vs. pre-COVID | | | | | | | | | | | | | 88.6 | 96.7 | 97.5 | 90.4 | 90.2 | 91.1 | 104.4 | 89.7 | 80.7 | 101.0 | 110.5 | 111.2 | 109.4 | 95.8 |
| 3097 | Monogatari Corporation | vs. prev yr | 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 | 113.9 | 125.1 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 81.2 | 85.7 | 84.5 | 82.9 | 78.0 | 73.9 | 95.4 | 75.2 | 78.6 | 112.1 | 108.5 | 107.0 | 101.6 | |
| | Yakiniku division | vs. prev yr | 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 | 118.7 | 129.9 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 85.2 | 91.9 | 87.8 | 86.0 | 82.0 | 76.4 | 102.0 | 82.8 | 91.7 | 126.7 | 119.6 | 118.7 | 110.7 | |
| | Ramen division | vs. prev yr | 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 | 111.3 | 115.2 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 86.0 | 82.3 | 79.5 | 78.2 | 80.6 | 75.3 | 89.4 | 72.5 | 72.1 | 95.8 | 96.7 | 102.0 | 99.1 | |
| | Yuzuan division | vs. prev yr | 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 | 100.4 | 116.8 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 73.7 | 74.4 | 79.9 | 76.0 | 69.3 | 68.3 | 87.2 | 60.6 | 59.9 | 95.4 | 91.2 | 89.8 | 86.0 | |
| 3193 | Torikizoku HD | vs. prev yr | 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 | 200.1 | 112.8 |
| | | vs. pre-COVID | | | | | | | | | | | | | 30.2 | 34.7 | 46.5 | 37.0 | 5.0 | 13.2 | 29.9 | 9.8 | 6.8 | 62.1 | 75.4 | 80.4 | 56.2 | 36.9 |
| 3197 | Skylark HD | vs. prev yr | 97.6 | 99.6 | 76.1 | 41.8 | 52.2 | 69.4 | 73.6 | 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 | 114.4 | 115.8 | 93.1 |
| | | vs. pre-COVID | | | | | | | | | | | | | 65.3 | 70.7 | 70.9 | 70.0 | 67.1 | 64.7 | 74.7 | 61.5 | 62.5 | 82.5 | 81.0 | 89.8 | 75.5 | 65.7 |
| 3543 | Komeda HD | vs. prev yr | 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 | 109.4 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 90.8 | 105.9 | 99.0 | 99.9 | 95.6 | 92.8 | 107.9 | 91.6 | 90.7 | 105.8 | 101.8 | 102.6 | 99.3 | |
| 9936 | Ohsho Food Service | vs. prev yr | 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 | 105.4 | 107.2 | 108.5 |
| | | vs. pre-COVID | | | | | | | | | | | | | 97.6 | 99.6 | 92.5 | 94.9 | 91.5 | 95.7 | 98.2 | 87.6 | 85.7 | 102.6 | 98.1 | 101.3 | 104.6 | 108.1 |

Source: Companies' data, Mita Securities

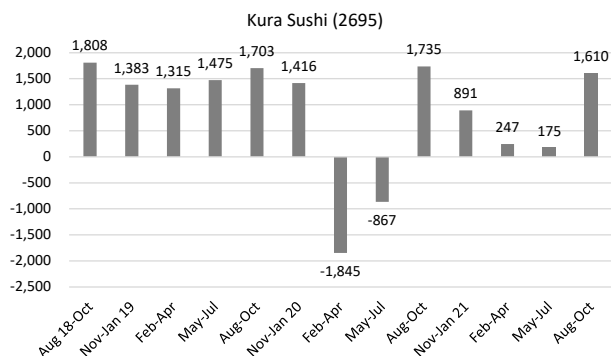
Note: 2019=100 for "vs. pre-COVID"

Figure: Monthly data 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 | 1/22 | 2/22 |
|--------|---|---------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| 2702 | McDonald's HD Japan | vs. prev yr | 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 | 101.2 | 115.3 |
| | | vs. pre-COVID | | | | | | | | | | | | | 121.8 | 115.8 | 107.4 | 116.3 | 121.8 | 111.0 | 122.2 | 118.4 | 121.9 | 125.5 | 115.5 | 109.8 | 123.2 | 133.6 |
| 3053 | Pepper Food Service (Ikinari! Steak) | vs. prev yr | 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 | 104.4 | 106.3 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 43.0 | 43.8 | 44.4 | 54.1 | 77.8 | 46.4 | 52.0 | 49.5 | 51.2 | 62.9 | 69.8 | 70.6 | 45.7 | |
| 3085 | Arcland Service HD (Katsuya) | vs. prev yr | 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 | 105.8 | 101.9 |
| | | vs. pre-COVID | | | | | | | | | | | | | 104.5 | 105.2 | 95.5 | 102.2 | 102.4 | 97.6 | 114.2 | 98.2 | 94.5 | 104.4 | 108.3 | 104.8 | 110.6 | 107.2 |
| 3087 | Doutor Nichires HD (Doutor Coffee Shop) | vs. prev yr | 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 | 117.6 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 68.8 | 70.7 | 75.9 | 73.5 | 70.2 | 76.2 | 77.9 | 67.0 | 69.1 | 81.4 | 83.5 | 85.7 | 80.9 | |
| 3397 | Toridoll HD | vs. prev yr | 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 | 113.3 | 104.0 |
| | | vs. pre-COVID | | | | | | | | | | | | | 84.2 | 85.4 | 84.3 | 92.4 | 93.3 | 90.5 | 97.0 | 83.5 | 89.0 | 96.4 | 95.0 | 92.4 | 95.4 | 88.8 |
| | Marugame Seimen | vs. prev yr | 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 | 112.0 | 104.1 |
| | | vs. pre-COVID | | | | | | | | | | | | | 84.3 | 90.2 | 86.1 | 92.6 | 94.1 | 93.0 | 99.5 | 85.2 | 91.3 | 96.7 | 85.0 | 92.2 | 94.4 | 93.9 |
| 3563 | Food & Life Companies (Sushiro) | vs. prev yr | 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 | 96.0 | 93.6 |
| | | vs. pre-COVID | | | | | | | | | | | | | 101.8 | 111.9 | 103.6 | 99.0 | 91.7 | 93.3 | 99.9 | 84.5 | 87.4 | 98.0 | 91.2 | 98.8 | 97.7 | 104.7 |
| 7550 | Zensho HD (Sukiya) | vs. prev yr | 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 | 110.9 | 111.4 |
| | | vs. pre-COVID | | | | | | | | | | | | | 101.7 | 101.3 | 96.4 | 100.6 | 107.2 | 99.4 | 111.6 | 99.3 | 101.4 | 110.6 | 105.1 | 119.7 | 112.8 | 112.9 |
| 7581 | Saizeriya | vs. prev yr | 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 | 125.3 | 109.1 |
| | | vs. pre-COVID | | | | | | | | | | | | | 65.2 | 71.5 | 71.7 | 74.2 | 66.8 | 65.8 | 73.7 | 59.6 | 59.3 | 88.9 | 87.9 | 87.1 | 81.6 | 78.0 |
| 7611 | Hiday Hidaka | vs. prev yr | 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 | 129.2 | 110.2 |
| | | vs. pre-COVID | | | | | | | | | | | | | 56.1 | 56.9 | 57.8 | 58.3 | 47.7 | 51.9 | 54.8 | 47.4 | 50.2 | 71.0 | 78.5 | 80.6 | 72.5 | 62.7 |
| 7630 | Ichibanya | vs. prev yr | 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 | 106.7 | 96.6 |
| | | vs. pre-COVID | | | | | | | | | | | | | 84.5 | 82.9 | 82.4 | 87.8 | 87.5 | 81.5 | 85.7 | 81.3 | 79.2 | 91.9 | 87.5 | 94.0 | 90.1 | 80.1 |
| 8153 | Mos Food Services | vs. prev yr | 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 | 113.7 | |
| | | vs. pre-COVID | | | | | | | | | | | | | 118.4 | 127.5 | 110.3 | 116.8 | 135.2 | 117.9 | 120.9 | 114.7 | 117.7 | 124.0 | 120.4 | 112.5 | 134.6 | |
| 8179 | Royal HD | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Royal Host | vs. prev yr | 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 | 118.0 | 140.6 | 105.4 |
| | | vs. pre-COVID | | | | | | | | | | | | | 72.1 | 79.4 | 82.3 | 80.7 | 80.6 | 78.0 | 83.7 | 69.8 | 71.1 | 95.5 | 96.2 | 94.2 | 101.4 | 83.7 |
| | Tendon Tenya | vs. prev yr | 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 | 111.3 | 111.3 | 100.9 |
| | | vs. pre-COVID | | | | | | | | | | | | | 85.6 | 94.9 | 86.0 | 91.6 | 93.9 | 88.2 | 93.1 | 90.3 | 90.0 | 100.0 | 99.5 | 93.6 | 95.3 | 95.7 |
| 8200 | Ringer Hut | vs. prev yr | 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 | 114.5 | 98.8 |
| | | vs. pre-COVID | | | | | | | | | | | | | 67.9 | 74.4 | 72.0 | 73.9 | 69.9 | 72.0 | 80.7 | 71.8 | 74.8 | 87.7 | 87.0 | 77.4 | 73.5 | 73.5 |
| 9861 | Yoshinoya HD | vs. prev yr | 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 | 104.0 | 106.1 |
| | | vs. pre-COVID | | | | | | | | | | | | | 100.6 | 79.7 | 87.9 | 86.3 | 92.1 | 87.3 | 90.4 | 89.3 | 92.9 | 99.1 | 101.5 | 96.2 | 104.7 | 84.6 |
| 9887 | Matsuya Foods HD (Matsuya) | vs. prev yr | 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 | 96.5 | 100.2 | 97.0 |
| | | vs. pre-COVID | | | | | | | | | | | | | 90.3 | 93.6 | 86.4 | 84.2 | 87.3 | 82.3 | 84.4 | 84.2 | 79.3 | 87.1 | 90.3 | 87.8 | 90.0 | 90.0 |

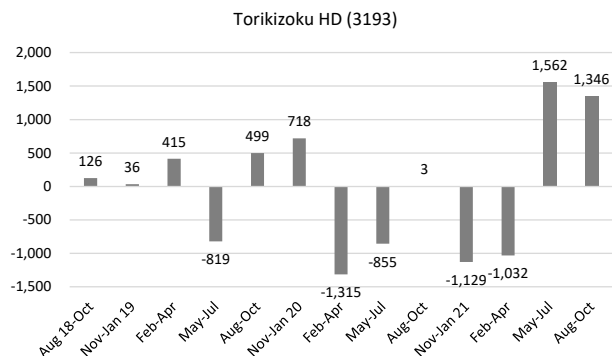
Pre-tax profits for food service companies covered by Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



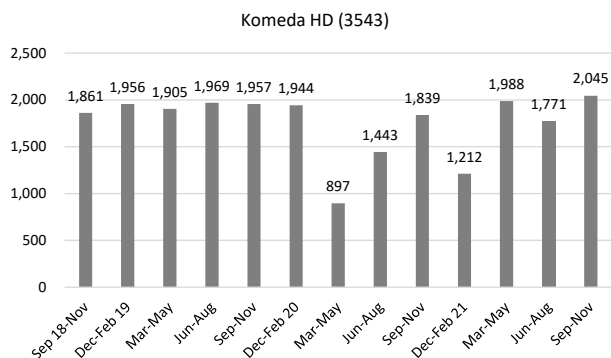
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



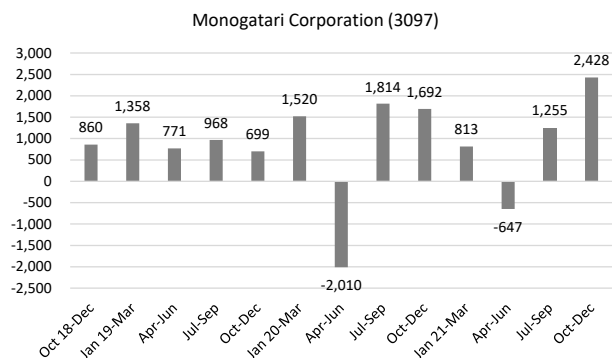
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



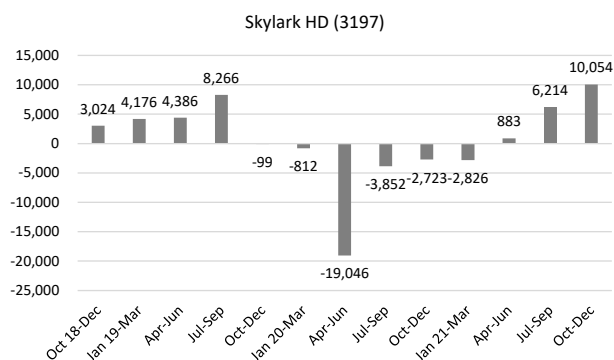
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



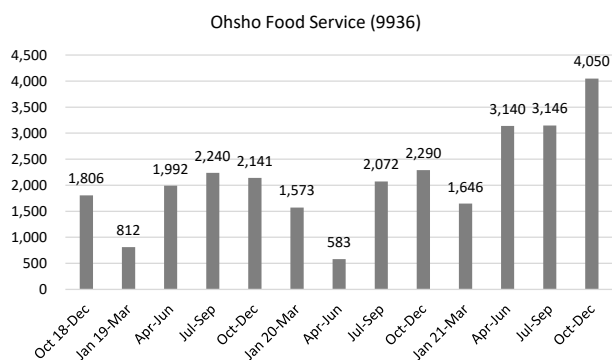
Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



Source: Company data, Mita Securities

Figure: Quarterly pre-tax profit (JPYm)



Source: Company data, Mita Securities

Comparison of valuations with peers (reference)

Figure: Comparison of valuations for food service companies

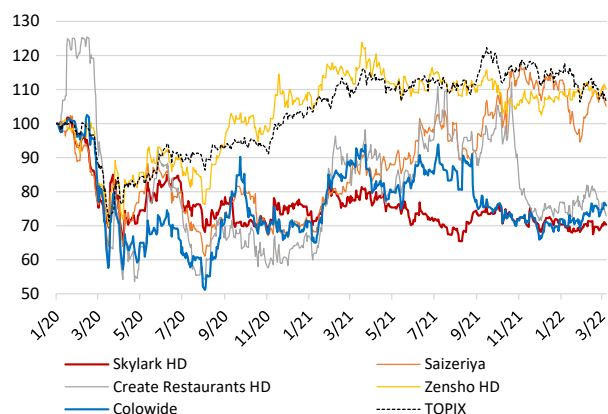
| Company name | Ticker | PX 4-Mar | Mkt cap JPYbn | Net D/E Last | Sales YoY LTM | EBITDA Mgn LTM | ROE LTM | ROE Cur E | ROE Nxt E | PER LTM | PER Cur E | PER Nxt E | PBR Last | EV/EBITDA Cur E | EV/Sales Cur E | Div yield Cur E | 1M Chg | 3M Chg | 1YR Chg |
|---|--------|-------------|------------------|-----------------|------------------|-------------------|------------|--------------|--------------|------------|--------------|--------------|-------------|--------------------|-------------------|--------------------|-----------|-----------|------------|
| KURA SUSHI INC (TP 5,000 Buy) | 2695 | 3,600 | 149.0 | 0.1 | 8.7 | 2.3 | 4.1 | 8.4 | 10.7 | 75.0 | 36.4 | 25.3 | 2.9 | 12.7 | 0.9 | 0.6 | -1.4 | -3.4 | -3.0 |
| MCDONALD'S HOLDINGS CO JAPAN | 2702 | 4,905 | 652.2 | -0.3 | 10.2 | 14.0 | 13.0 | 10.9 | 10.8 | 27.2 | 28.7 | 26.7 | 3.4 | 11.5 | 1.7 | 0.8 | -1.8 | -2.9 | -4.0 |
| OTOYA HOLDINGS CO LTD | 2705 | 2,892 | 21.0 | 0.2 | -0.4 | 11.7 | NA | NA | NA | 15.5 | NA | NA | NA | NA | NA | NA | 2.8 | 9.0 | 5.8 |
| FUJIO FOOD GROUP INC | 2752 | 1,300 | 58.0 | 1.7 | -5.0 | -10.0 | 16.3 | 17.7 | NA | 80.2 | 69.5 | 40.0 | 11.1 | NA | 2.0 | 0.0 | -3.7 | -7.8 | -3.8 |
| AMIYAKI TEI CO LTD | 2753 | 2,969 | 20.3 | -0.1 | -14.5 | -14.1 | 2.0 | 2.6 | NA | 50.0 | 39.1 | 37.6 | 1.0 | NA | 0.5 | 0.3 | 2.4 | -0.4 | -1.7 |
| HIRAMATSU INC | 2764 | 198 | 14.8 | 4.1 | 23.5 | -21.8 | -48.7 | NA | NA | NA | NA | NA | 2.2 | NA | NA | NA | 4.8 | -3.4 | 8.2 |
| PEPPER FOOD SERVICE CO LTD | 3053 | 353 | 13.9 | -0.1 | NA | -8.4 | 20.7 | NA | NA | 44.7 | NA | NA | 4.2 | NA | NA | NA | 0.3 | -11.3 | 29.8 |
| CHOUSHIMARU CO LTD | 3075 | 1,130 | 16.4 | -0.8 | -1.7 | 1.3 | 10.2 | NA | NA | 21.6 | NA | NA | 2.1 | NA | NA | 0.5 | 0.5 | 1.7 | 1.8 |
| ARCLAND SERVICE HOLDINGS CO | 3085 | 2,172 | 71.9 | -0.7 | 14.4 | 8.2 | 12.0 | 13.4 | 13.0 | 26.4 | 20.0 | 19.5 | 3.1 | 9.1 | 1.2 | 1.4 | -1.1 | -6.9 | 5.2 |
| DOUTOR NICHIRETS HOLDINGS CO | 3087 | 1,554 | 70.9 | -0.3 | 3.3 | 5.0 | -2.2 | 4.5 | 1.3 | NA | 15.9 | 48.7 | 0.7 | 15.1 | 0.4 | 1.6 | -3.2 | -2.6 | -8.1 |
| BRONCO BILLY CO LTD | 3091 | 2,142 | 32.3 | -0.3 | -8.7 | 8.0 | 5.4 | NA | NA | 33.8 | NA | NA | 1.8 | NA | NA | 0.8 | -3.7 | -11.6 | -7.3 |
| MONOGATARI CORP (TP 9,100 Buy) | 3097 | 5,850 | 70.7 | 0.1 | 6.8 | 11.2 | 13.2 | 17.7 | 16.4 | 25.8 | 17.0 | 17.1 | 3.2 | NA | 1.0 | 1.2 | -6.8 | -20.2 | -10.1 |
| CHIMNEY CO LTD | 3178 | 1,102 | 21.3 | 0.8 | -50.5 | -28.7 | -8.9 | NA | NA | NA | NA | NA | 3.1 | NA | NA | NA | -5.2 | -14.3 | -21.3 |
| TORIKIZOKU HOLDINGS CO LTD (TP 2,100 Hold) | 3193 | 1,687 | 19.6 | 0.6 | NA | NA | NA | 17.6 | 11.4 | NA | NA | 34.4 | 3.2 | NA | 1.1 | 0.0 | -8.0 | -1.4 | -1.2 |
| HOTLAND CO LTD | 3196 | 1,303 | 28.1 | 0.3 | 3.3 | 6.2 | 28.1 | 13.6 | NA | 13.5 | 20.9 | 19.2 | 3.2 | NA | 0.9 | 0.4 | 1.9 | -3.6 | 5.8 |
| SKYLARK HOLDINGS CO LTD (TP 1,600 Hold) | 3197 | 1,511 | 343.8 | 0.5 | -8.3 | 22.3 | 6.2 | 4.2 | 4.0 | 40.0 | 63.4 | 57.6 | 2.1 | 6.7 | 1.4 | 0.5 | 0.7 | -0.7 | -8.4 |
| SFP HOLDINGS CO LTD | 3198 | 1,286 | 33.2 | -0.1 | -58.6 | 17.7 | 0.3 | 14.4 | NA | 824.4 | 18.4 | 47.3 | 2.6 | NA | 3.0 | 0.0 | -9.1 | -6.7 | -9.1 |
| CREATE RESTAURANTS HOLDINGS | 3387 | 689 | 146.6 | 3.5 | -24.0 | 28.2 | 10.2 | 16.9 | NA | 56.0 | 21.6 | 37.0 | 3.7 | NA | 2.7 | 0.7 | -9.3 | -4.7 | -15.9 |
| SAINT MARC HOLDINGS CO LTD | 3395 | 1,573 | 35.8 | -0.2 | 0.0 | -6.4 | -16.6 | -12.9 | 2.8 | NA | NA | 57.8 | 1.0 | NA | 0.5 | 2.8 | -1.1 | 9.2 | -7.6 |
| TORIDOLL HOLDINGS CORP | 3397 | 2,379 | 208.5 | 3.0 | 9.3 | 15.8 | 14.2 | 13.1 | 6.1 | 37.3 | 33.3 | 49.6 | 4.3 | 10.3 | 2.0 | 0.3 | 2.1 | -4.8 | 48.9 |
| KOMEDA HOLDINGS CO LTD (TP 3,000 Buy) | 3543 | 2,073 | 95.7 | 1.5 | 10.0 | 24.0 | 13.3 | 13.5 | 13.7 | 20.4 | 19.1 | 17.7 | 2.6 | 15.5 | 4.2 | 2.5 | -3.4 | 1.2 | 6.4 |
| KUSHIKATSU TANAKA HOLDINGS C | 3547 | 1,914 | 18.0 | 1.6 | -42.8 | -50.3 | -38.2 | 51.1 | 35.2 | NA | 24.2 | 24.5 | 14.8 | 19.9 | 1.6 | 0.8 | -7.1 | -6.2 | 4.6 |
| CHIKARANOMOTO HOLDINGS CO LT | 3561 | 567 | 15.3 | 3.7 | -0.9 | 7.7 | -9.8 | NA | NA | NA | NA | NA | 5.0 | NA | NA | NA | 1.1 | -6.0 | -7.4 |
| FOOD & LIFE COMPANIES LTD | 3563 | 3,525 | 409.1 | 2.2 | 21.1 | 15.5 | 21.4 | 19.6 | 22.6 | 32.8 | 31.1 | 23.0 | 6.5 | 13.1 | 1.8 | 0.6 | -0.7 | -21.6 | -22.2 |
| ATOM CORP | 7412 | 774 | 149.8 | 0.2 | -13.6 | 1.2 | -9.5 | NA | NA | NA | NA | NA | 19.8 | NA | NA | NA | 2.4 | 1.3 | -9.2 |
| KAPPA CREATE CO LTD | 7421 | 1,332 | 65.8 | 0.4 | 2.6 | 3.5 | 6.3 | NA | NA | 98.4 | NA | NA | 6.0 | NA | NA | NA | -1.1 | -3.3 | -12.1 |
| WATAMI CO LTD | 7522 | 902 | 38.5 | 3.5 | -9.8 | -2.1 | -43.2 | NA | NA | NA | NA | NA | 2.5 | NA | NA | NA | -2.2 | -0.1 | -9.9 |
| ZENSHO HOLDINGS CO LTD | 7550 | 2,749 | 425.7 | 2.2 | 6.8 | 6.8 | 18.1 | 16.6 | 5.7 | 26.2 | 27.0 | 43.5 | 4.3 | 15.2 | 0.9 | 0.8 | -0.7 | 2.3 | -1.2 |
| KOURAKUEN HOLDINGS CORP | 7554 | 1,380 | 23.1 | 1.1 | -11.2 | 8.4 | 30.2 | 13.6 | NA | 19.6 | 41.6 | 1,971.4 | 5.1 | NA | 1.0 | 0.4 | 1.6 | -7.6 | -20.0 |
| ANRAKUTEI CO LTD | 7562 | 6,450 | 13.8 | 1.6 | 5.1 | -5.4 | 22.0 | NA | NA | 12.7 | NA | NA | 2.6 | NA | NA | NA | 1.4 | 7.3 | 23.3 |
| SAIZERIYA CO LTD | 7581 | 2,828 | 147.8 | -0.2 | 5.0 | 7.9 | 4.8 | 10.6 | 7.0 | 34.7 | 14.9 | 20.0 | 1.6 | 7.1 | 0.8 | 0.6 | 2.5 | -7.9 | 20.2 |
| HIDAY HIDAKA CORP | 7611 | 1,787 | 68.2 | -0.3 | -24.5 | -12.0 | -1.2 | NA | NA | NA | NA | NA | 3.2 | NA | NA | 0.7 | 4.0 | 8.0 | 4.9 |
| COLOWIDE CO LTD | 7616 | 1,751 | 152.2 | 3.6 | -4.4 | 13.1 | -11.0 | NA | NA | NA | NA | NA | 4.3 | NA | NA | NA | 3.7 | 7.5 | -13.6 |
| UKAI CO LTD | 7621 | 2,996 | 15.7 | 1.5 | 4.8 | -5.1 | -28.3 | NA | NA | NA | NA | NA | 6.1 | NA | NA | NA | 0.2 | -0.8 | -2.4 |
| GLOBAL-DINING INC | 7625 | 296 | 3.1 | 0.1 | 68.9 | 9.6 | 41.0 | NA | NA | 2.9 | NA | NA | 1.0 | NA | NA | NA | -5.4 | -27.5 | 45.8 |
| ICHIBANYA CO LTD | 7630 | 4,655 | 148.6 | -0.5 | -3.7 | 9.2 | 8.7 | 8.9 | NA | 57.5 | 55.0 | 39.1 | 5.0 | NA | 2.9 | 1.7 | -0.2 | 1.3 | -6.1 |
| ASAKUMA CO LTD | 7678 | 1,598 | 8.6 | -0.4 | -22.1 | -19.3 | -21.5 | NA | NA | NA | NA | NA | 3.3 | NA | NA | NA | 2.2 | 3.8 | -1.9 |
| MOS FOOD SERVICES INC | 8153 | 3,005 | 96.2 | -0.2 | 9.9 | 11.1 | 8.4 | 6.9 | NA | 24.0 | 28.2 | 30.0 | 1.9 | NA | 1.1 | 0.9 | -0.7 | -5.2 | -5.7 |
| KISOJII CO LTD | 8160 | 2,065 | 55.9 | 0.0 | 0.1 | NA | 0.9 | NA | NA | NA | NA | NA | 2.1 | NA | NA | NA | -7.1 | -4.2 | -13.6 |
| SRS HOLDINGS CO LTD | 8163 | 834 | 33.0 | 0.5 | -5.4 | 6.4 | 2.1 | NA | NA | 166.5 | NA | NA | 2.4 | NA | NA | NA | 2.6 | 6.9 | -7.5 |
| ROYAL HOLDINGS CO LTD | 8179 | 1,854 | 84.1 | 1.1 | -0.6 | -0.3 | -11.8 | 6.0 | 5.4 | NA | 64.3 | 33.0 | 2.9 | 16.5 | 1.2 | 0.4 | -1.7 | -3.1 | -1.5 |
| RINGER HUT CO LTD | 8200 | 2,291 | 59.7 | 1.0 | -10.6 | -2.6 | -6.8 | 6.3 | NA | NA | 78.5 | 156.4 | 5.0 | NA | 2.0 | 0.4 | 0.9 | 3.3 | 1.1 |
| GIFT HOLDINGS INC | 9279 | 2,191 | 21.8 | 0.0 | 22.7 | 9.0 | 29.8 | 28.0 | NA | 20.4 | 14.7 | 14.9 | 5.3 | NA | 1.3 | 1.1 | -10.9 | -23.3 | 9.2 |
| GENKI SUSHI CO LTD | 9828 | 2,509 | 22.3 | 0.6 | 10.6 | 8.9 | 13.5 | NA | NA | 19.1 | NA | NA | 2.4 | NA | NA | NA | -1.6 | -0.9 | 0.3 |
| GOURMET KINEYA CO LTD | 9850 | 1,056 | 24.2 | 1.5 | -8.2 | 11.2 | -1.7 | NA | NA | NA | NA | NA | 2.7 | NA | NA | NA | 4.3 | 3.0 | 5.7 |
| GINZA RENOIR CO LTD | 9853 | 839 | 5.2 | 0.1 | -13.2 | -36.3 | -16.3 | NA | NA | NA | NA | NA | 1.5 | NA | NA | NA | 1.0 | 1.2 | -0.1 |
| YOSHINOYA HOLDINGS CO LTD | 9861 | 2,413 | 157.2 | 0.8 | -14.3 | 11.3 | 9.5 | 18.0 | 2.8 | 37.6 | 19.0 | 70.9 | 3.4 | 17.2 | 1.1 | 0.0 | 0.9 | 4.8 | 15.2 |
| KFC HOLDINGS JAPAN LTD | 9873 | 2,910 | 65.3 | -0.8 | 9.9 | 8.0 | 16.7 | NA | NA | 15.8 | NA | NA | 2.5 | NA | NA | NA | 0.3 | 0.1 | -2.2 |
| MATSUYAFOODS HOLDINGS CO LTD | 9887 | 3,570 | 68.1 | 0.3 | -4.5 | -0.8 | 5.0 | NA | NA | 32.6 | NA | NA | 1.6 | NA | NA | NA | -1.5 | -0.7 | 0.1 |
| SAGAMI HOLDINGS CORP | 9900 | 1,190 | 36.1 | -0.2 | -4.1 | -6.2 | 1.5 | NA | NA | 439.1 | NA | NA | 2.4 | NA | NA | NA | 10.3 | 14.1 | -1.1 |
| OHSHO FOOD SERVICE CORP (TP 7,250 Buy) | 9936 | 5,970 | 139.0 | -0.2 | 0.9 | 11.0 | 14.8 | 12.1 | 10.1 | 13.9 | 15.5 | 19.0 | 1.9 | NA | 1.4 | 1.8 | 0.3 | -2.8 | 0.8 |
| JOYFULL CO LTD | 9942 | 772 | 24.7 | 4.9 | -17.5 | -6.8 | 72.4 | NA | NA | 8.9 | NA | NA | 4.7 | NA | NA | NA | -5.2 | -4.5 | 11.6 |
| DAISYO CORP | 9979 | 991 | 21.0 | 0.9 | -23.9 | 13.1 | -10.6 | NA | NA | NA | NA | NA | 1.6 | NA | NA | NA | -4.0 | 1.2 | 0.9 |
| Average | | | | 0.8 | -2.9 | 2.2 | 4.1 | 13.1 | 10.5 | 72.2 | 32.7 | 110.4 | 3.8 | 13.1 | 1.5 | 0.8 | -1.0 | -2.7 | 0.3 |
| Median | | | | 0.3 | -0.9 | 6.8 | 5.4 | 13.4 | 10.1 | 29.9 | 27.0 | 34.4 | 3.0 | 13.1 | 1.2 | 0.6 | -0.7 | -2.6 | -1.5 |

Source: Bloomberg Finance LP data, Mita Securities

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

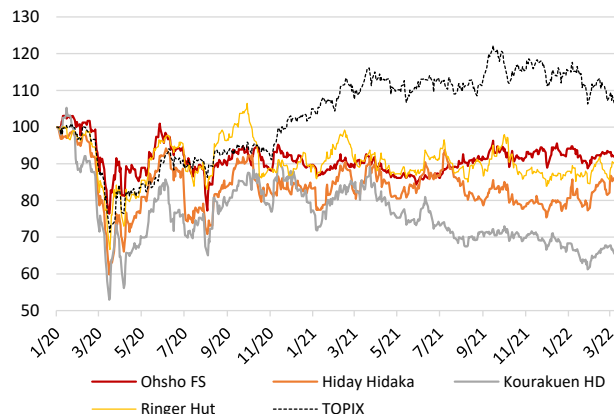
Stock price trends for food service companies

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



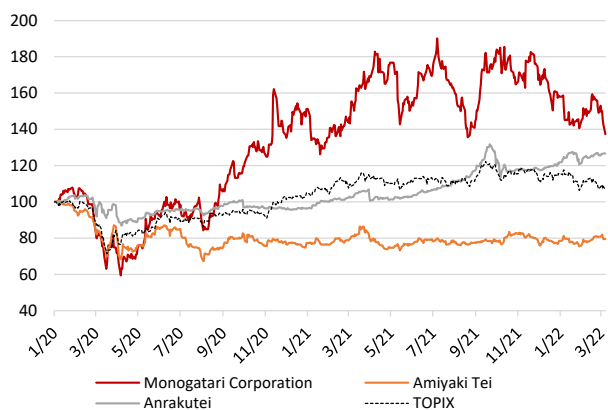
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Chinese restaurants)



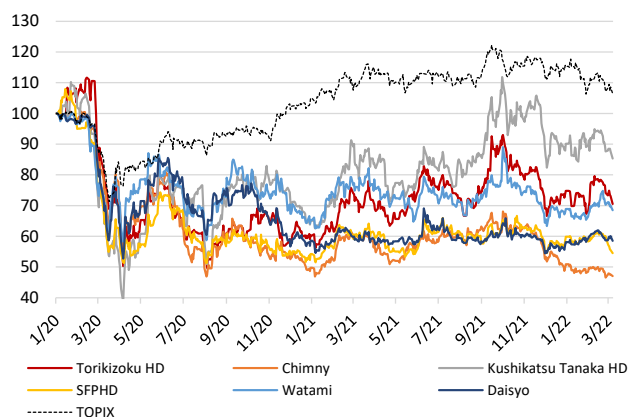
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese BBQ)



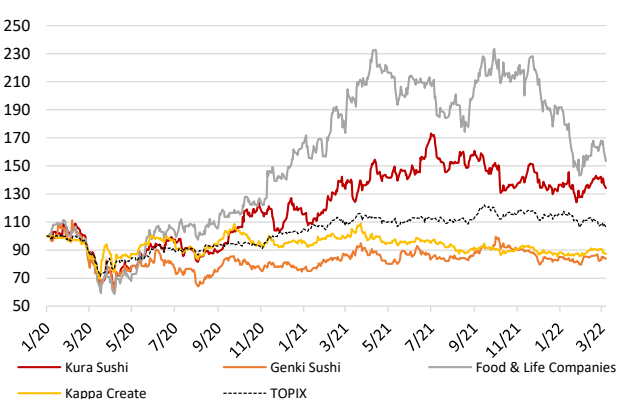
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

Figure: Stock price trends (Japanese style pubs)



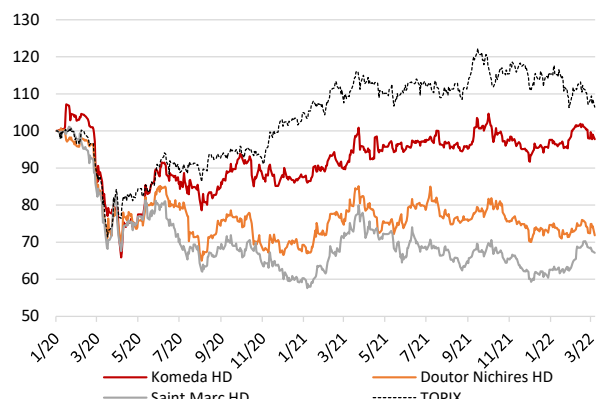
Source: Bloomberg Finance LP data, Mita Securities Note: Indexed to 100 at the end of 2019

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

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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Sell: Stocks whose total return (percentage change in share price from current price to projected target price plus projected dividend yield), as of the time the target price is set or changed, is expected to be -15% or less.

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