

Annual Report 2022

Year ended August 31, 2022



Our Mission

La Buona Tavola!



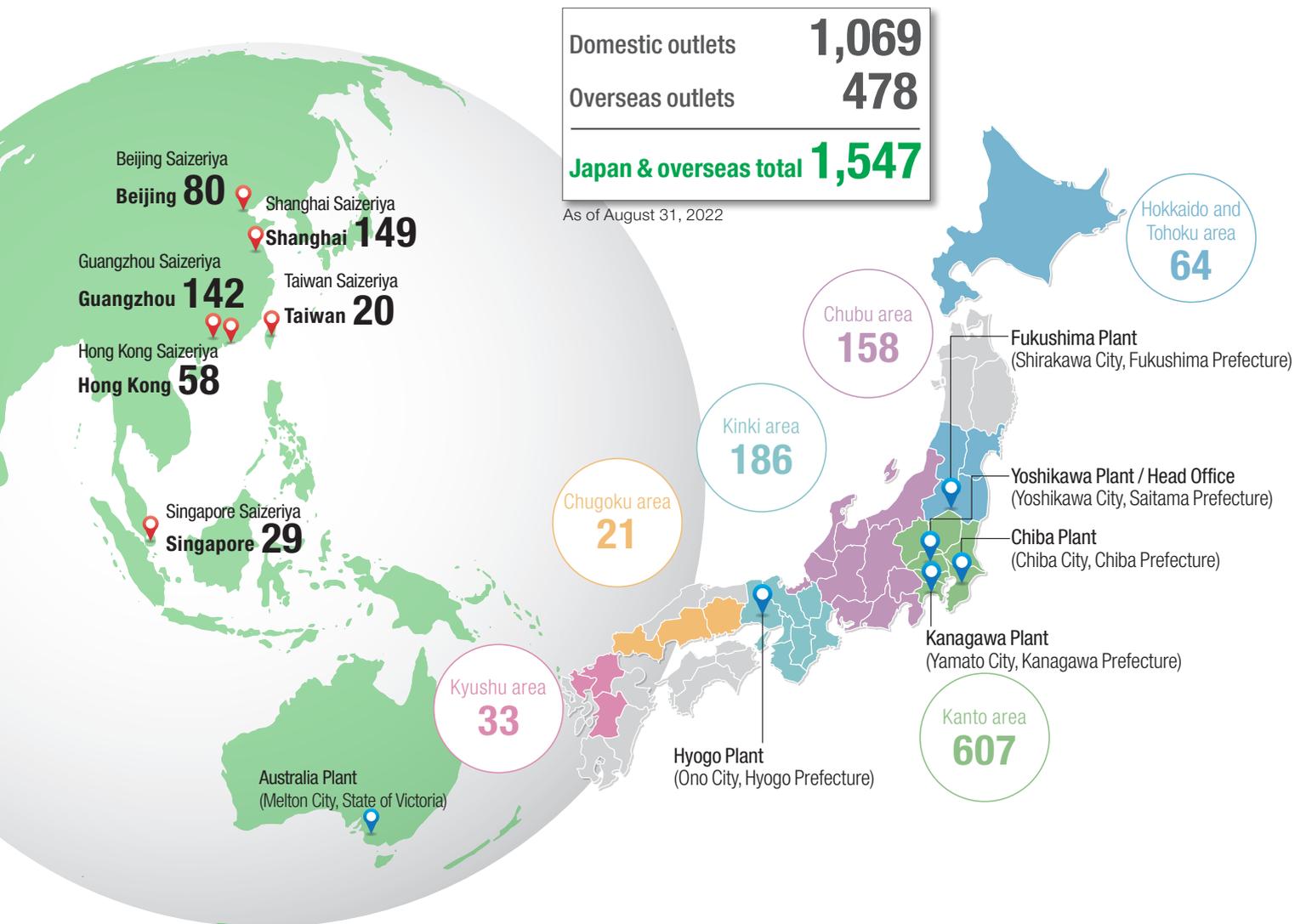
Our Philosophy

Our mission calls for a restaurant that brings joy and happiness to all customers and employees.

Our Principle

- For People
- Through Right Way
- With Love

The Number of Restaurants



New outlets opened one after another!

- Sep. 21, 2022 Saizeriya, Ario Yao (Osaka Prefecture)
- Oct. 21, 2022 Saizeriya, Akita OPA (Akita Prefecture)
- Nov. 1, 2022 Saizeriya, BicCamera, Chiba Station (Chiba Prefecture)
- Nov. 4, 2022 Saizeriya, Morioka FE”SAN (Iwate Prefecture)
- Nov. 16, 2022 Saizeriya, Aeon Style Higashiyodogawa (Osaka Prefecture)
- Nov. 24, 2022 Saizeriya, Tonarie Utsunomiya (Tochigi Prefecture)
- Nov. 30, 2022 Saizeriya, Summit Store Odoriba Station (Kanagawa Prefecture)
- Dec. 1, 2022 Saizeriya, Youme Town Izumo (Shimane Prefecture)
(first store in Shimane Prefecture)

Consolidated Financial Highlights

Years Ended August 31, 2022 and 2021

2022

2021

2022

Millions of Yen

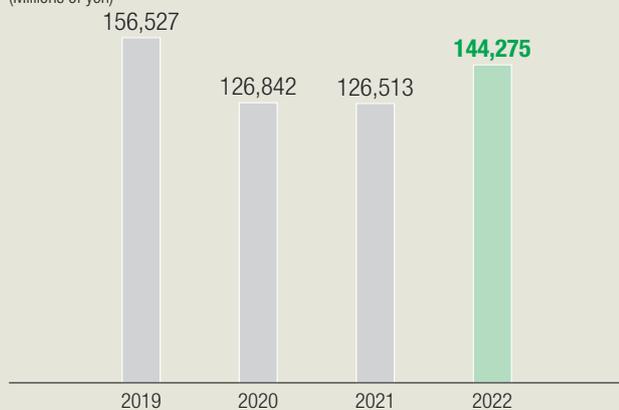
Thousands of U.S. Dollars

Operational Data:			
Net Sales	¥144,275	¥126,513	\$1,040,720
Income (loss) before Income Taxes and Minority Interests	8,617	2,593	62,158
Profit (loss) Attributable to Owners of Parent	5,660	1,765	40,828
Financial Data:			
Total Assets	147,930	138,045	1,067,085
Net Assets	94,523	83,569	681,837
Per Share Data (Yen and U.S. Dollars):			
Net Income (loss) per Share	¥115.91	¥36.31	\$0.84
Dividends per Share	18.00	18.00	0.13

Note: The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥138.63=US\$1, the approximate rate of exchange on August 31, 2022.

Net Sales

(Millions of yen)



Profit (loss) Attributable to Owners of Parent

(Millions of yen)



Total Assets

(Millions of yen)



Net Assets / Equity Ratio

(Millions of yen) ■ Net Assets ● Equity Ratio(%)





Yasuhiko Shougaki
Chairman and Representative Director



Hideharu Matsutani
President and Representative Director

The dining-out industry remains unpredictable due to the impact from COVID-19, the risk of further increases in prices of ingredients and energy caused by soaring resource prices and the weakening yen, and the risk in securing raw materials caused by issues with transportation from overseas.

Under these circumstances, the Group is continuing to strengthen sales of frozen foods as a new sales channel. In addition, we opened new outlets in Asahikawa City, Hokkaido Prefecture and Akita Prefecture in December 2021, in Tottori Prefecture in January 2022, and in Iwate Prefecture in June 2022 as outlets in new trade areas. In August 2022, we closed all eight existing new business format outlets due to changes in the environments where those outlets were in operation. In May 2022, we established Comfortable Smile slash Technology for the purpose of selling the Company's technology.

As a result of these initiatives, the Company recorded net sales of ¥144,275 million (up 14.0% from the previous fiscal year), operating income of ¥422 million (operating loss of ¥2,264 million in the previous fiscal year), ordinary

income of ¥10,774 million (up 211.8% from the previous fiscal year), and profit attributable to owners of parent of ¥5,660 million (up 220.6% from the previous fiscal year).

In the fiscal year ending August 31, 2023, in order to industrialize the food business, the Company will promote innovation, focusing on both hard and soft aspects.

Our principal initiatives are to secure and develop human resources for outlets that can welcome even more customers, improve the quality of our offerings by refining each product, and further improve productivity by promoting DX, including systems for outlet operations. In addition, we are working on SDGs, such as the reduction of food loss, energy savings through improved energy efficiency, and the reuse of plastics, as well as conducting management activities with a focus on ESG.

– We will become a “true chain store” –

Hideharu Matsutani

President and Representative Director

Organization

– Reform into a chain store-appropriate organization –

As the first step toward becoming a chain store organization, at the same time as educating our over 1,000 outlets to make sure they are following the rules, we will create “line staff” who report directly to top management and play a facilitating role in identifying issues at outlets. By centralizing reporting lines with regard to issues at outlets, we will transform into an organization that accelerates problem solving.

Products

– Further refinement to create products with value –

In order to “Enrich the everyday lives of people,” our core products such as salads, pasta, pizza, and doria are particularly important in menu development. Without settling for the status quo, we will continue to make further improvements and pursue products that are easy to afford, easy to combine with one another, and easy to eat, while maintaining prices that preserve the value of the product.



Operations

– Simplification and standardization of outlet operations –

An increase in productivity requires changes to operations themselves. We will actively promote DX to please our customers and make operations easier for our employees. We aim to further improve production management technology at our factories, and we will continue to develop products that facilitate outlet operations by leveraging our strengths in manufacturing and direct sales.



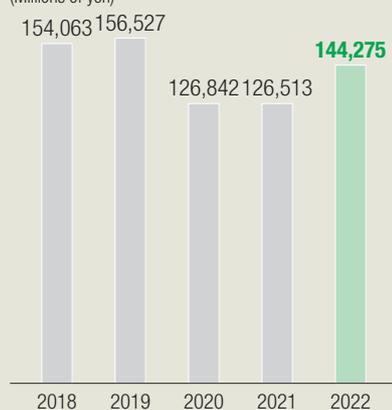
Consolidated Five-Year Summary

(Millions of Yen)

	2018	2019	2020	2021	2022
Net Sales	154,063	156,527	126,842	126,513	144,275
Operating Income (loss)	8,640	9,599	(3,815)	(2,264)	422
Ordinary Income (loss)	8,895	9,731	(2,091)	3,455	10,774
Profit (loss) Attributable to Owners of Parent	5,074	4,980	(3,450)	1,765	5,660
Total Assets	104,896	108,970	120,068	138,045	147,930
Net Assets	83,396	85,177	80,355	83,569	94,523
Shareholders' Equity Ratio (%)	79.1	77.6	66.4	60.1	63.5
Net Income (loss) per Share (Yen)	102.69	101.48	(70.84)	36.31	115.91
Cash Dividends per Share (Yen)	18.00	18.00	18.00	18.00	18.00

Net Sales

(Millions of yen)



Ordinary Income (loss) / Ordinary Income Margin

■ Ordinary Income (Millions of yen)
● Ordinary Income Margin (%)



Profit (loss) Attributable to Owners of Parent

(Millions of yen)



Segment Results

Japan

Customer numbers decreased due to COVID-19, and prices of ingredients and energy increased. As a result, total sales in Japan were ¥101,126 million (up 17.3% from the previous fiscal year), and operating loss was ¥2,101 million (operating loss of ¥7,210 in the previous fiscal year).

Australia

Ingredients used by Saizeriya are manufactured in Australia. Total sales in Australia were ¥5,690 million (up 17.4% from the previous fiscal year) and operating income was ¥123 million (down 80.3% from the previous fiscal year).

Asia

There is a sense of caution over the uncertain outlook for the U.S.-China relationship and the COVID-19 pandemic. However, the opening of new outlets made progress and the number of outlets increased. As a result, total sales in Asia were ¥43,117 million (up 7.2% from the previous fiscal year) and operating income was ¥2,234 million (down 49.5% from the previous fiscal year).

Outlook for the Fiscal Year Ending August 31, 2023

(Millions of Yen)

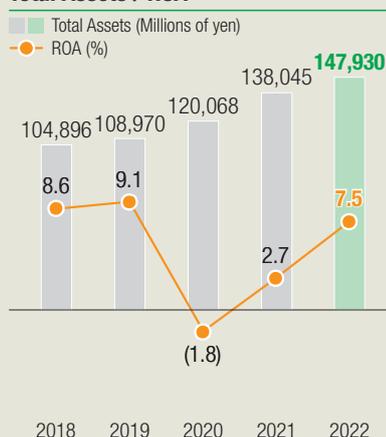
In the dining-out industry, the harsh conditions are expected to continue due to the ongoing increases in prices of ingredients and resources, despite the steady downtrend in the COVID-19 cases. In addition, the COVID-19 crisis has changed people's lifestyles and consumption behaviors. The management environment is expected to change drastically as digitalization accelerates going forward.

In these conditions, the Group will promote new outlet strategies and sales strategies with an eye toward the post-COVID-19 era. Furthermore, in order to strengthen the profitability structure, the Group will work on improving the productivity of operations by reducing loss on ingredients at outlets and factories as well as improving the facilities at outlets and factories. We will also continue to create other business formats to replace existing new business format outlets that have been closed.

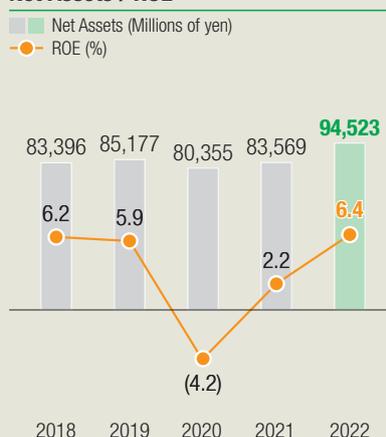
In view of the above, the Company forecasts consolidated net sales of ¥170.0 billion, operating income of ¥7.5 billion, ordinary income of ¥7.3 billion, and profit attributable to owners of parent of ¥4.4 billion.

	2022 results	2023 forecasts
Net Sales	144,275	170,000
Operating Income (loss)	422	7,500
Ordinary Income (loss)	10,774	7,300
Profit (loss) Attributable to Owners of Parent	5,660	4,400

Total Assets / ROA



Net Assets / ROE



Cash Flows*



*Net Income + Depreciation and Amortization

Consolidated Financial Statements

Consolidated Balance Sheets

Millions of Yen

Thousands of U.S. Dollars (Note 1)

August 31, 2022 and 2021	2022	2021	2022
Assets			
Current assets			
Cash and deposits with banks	¥ 60,275	¥ 55,332	\$ 434,790
Account Receivable	1,089	550	7,855
Accounts receivable-tenants	1,493	940	10,770
Merchandise and finished goods	10,093	7,550	72,805
Raw materials and supplies	1,512	1,368	10,907
Other	4,470	4,299	32,244
Total current assets	78,935	70,042	569,393
Fixed assets			
Tangible fixed assets			
Buildings and structures	25,482	25,952	183,813
Machinery, vehicle and equipment	1,527	1,516	11,015
Furniture and fixtures	4,086	4,169	29,474
Land	6,971	6,938	50,285
Lease assets, net	57	66	411
Rights of use assets, net	13,669	11,341	98,601
Construction in progress	692	968	4,992
Total tangible fixed assets	52,487	50,953	378,612
Intangible fixed assets	412	412	2,972
Investments and other assets			
Investment securities	279	259	2,013
Caution and guarantee money	10,547	10,337	76,080
Cooperative advances for construction	51	111	368
Long-term loans	30	—	216
Deferred tax assets	5,069	5,744	36,565
Other	174	196	1,255
Allowance for doubtful accounts	(12)	(12)	(87)
Total Intangible fixed assets and investments and other assets	16,140	16,637	116,425
Total fixed assets	68,994	68,002	497,684
Total assets	¥ 147,930	¥ 138,045	\$ 1,067,085

Notes: (1) The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥138.63=US\$1, the approximate rate of exchange on August 31, 2022.

(2) The financial statements are a translation of the Japanese annual securities report's financial statements.

August 31, 2022 and 2021	Millions of Yen		Thousands of U.S. Dollars (Note 1)
	2022	2021	2022
Liabilities			
Current liabilities			
Accounts payable-trade	¥ 5,769	¥ 4,125	\$ 41,614
Short-term borrowings	—	10,000	—
Lease obligations	5,779	4,338	41,687
Income taxes payable	2,160	746	15,581
Accrued bonuses	930	771	6,709
Allowance for special benefit for shareholders	218	207	1,573
Asset retirement obligations	286	268	2,063
Other	7,696	4,988	55,515
Total current liabilities	22,840	25,445	164,755
Long-term liabilities			
Long-term borrowings	12,500	12,500	90,168
Provision for employee stock ownership plan	1,114	984	8,036
Lease obligations	9,240	8,093	66,652
Deferred tax liabilities	33	4	238
Asset retirement obligations	7,560	7,299	54,534
Other	116	148	837
Total long-term liabilities	30,566	29,030	220,486
Total liabilities	53,407	54,475	385,249
Net assets			
Shareholders' equity			
Capital stock	8,612	8,612	62,122
Capital surplus	10,872	10,801	78,425
Retained earnings	73,114	68,343	527,404
Treasury stock	(7,143)	(7,414)	(51,526)
Total shareholders' equity	85,455	80,342	616,425
Accumulated other comprehensive income			
Translation adjustments	8,430	2,570	60,809
Total accumulated other comprehensive income	8,430	2,570	60,809
Subscription rights to shares	637	656	4,595
Total net assets	94,523	83,569	681,837
Total liabilities and net assets	¥ 147,930	¥ 138,045	\$ 1,067,085

Consolidated Statements of Income

Millions of Yen

Thousands of U.S. Dollars (Note 1)

Years Ended August 31, 2022 and 2021	2022	2021	2022
Net sales	¥ 144,275	¥ 126,513	\$ 1,040,720
Cost of sales	53,223	46,360	383,921
Gross profit	91,051	80,152	656,791
Selling, general and administrative expenses	90,628	82,417	653,740
Operating income(loss)	422	(2,264)	3,044
Non-operating income	11,020	6,403	79,492
Interest income	259	210	1,868
Foreign exchange gains	698	595	5,035
Income insurance	1	3	7
Subsidy income	9,863	4,822	71,146
Subsidies for employment adjustment	2	327	14
Other	194	444	1,399
Non-operating expenses	669	683	4,826
Interest expenses	418	399	3,015
Loss on valuation of derivatives	199	238	1,435
Other	50	45	361
Ordinary income	10,774	3,455	77,718
Special income:	195	108	1,407
Compensation income	32	—	231
Gain on reversal of subscription rights to shares	147	108	1,060
Other	15	—	108
Special loss:	2,351	970	16,959
Impairment loss	1,923	646	13,871
Loss on retirement of fixed assets	228	183	1,645
Store closure loss	176	134	1,270
Other	22	5	159
Profit income before income taxes and minority interests	8,617	2,593	62,158
Current income taxes	2,132	1,325	15,379
Deferred income taxes	823	(498)	5,937
Total income taxes	2,956	827	21,323
Net income	5,660	1,765	40,828
Profit attributable to owners of parent	¥ 5,660	¥ 1,765	\$ 40,828

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Consolidated Statements of Cash Flows

Millions of Yen

Thousands of U.S. Dollars (Note 1)

Years Ended August 31, 2022 and 2021	2022	2021	2022
Operating activities			
Income before income taxes and minority interests(loss)	¥ 8,617	¥ 2,593	\$ 62,158
Depreciation and amortization	11,721	10,714	84,549
Increase (decrease) in allowance for doubtful accounts	(0.34)	(0)	(2)
Increase (decrease) in accrued bonuses	95	(23)	685
Increase (decrease) in provision for employee stock ownership plan	130	167	938
Increase (decrease) in reserve for special benefit for shareholders	11	35	79
Interest income	(259)	(210)	(1,868)
Interest expenses	418	399	3,015
Foreign exchange loss (gain)	(711)	(543)	(5,129)
Loss (gain) on valuation of derivatives	199	238	1,435
Loss on retirement of fixed assets	228	183	1,645
Store closure loss	176	134	1,270
impairment loss	1,923	646	13,871
Compensation income	(32)	—	(231)
Income Insurance	(1)	(3)	(7)
Employment adjustment subsidy	(2)	(327)	(14)
Subsidy income	(9,863)	(4,822)	(71,146)
Gain on reversal of share acquisition rights	(147)	(108)	(1,060)
Decrease (increase) in accounts receivable	(531)	(549)	(3,830)
Decrease (increase) in accounts receivable-tenants	(544)	108	(3,924)
Decrease (increase) in inventories	(2,325)	(1,395)	(16,771)
Decrease (increase) in other current assets	(130)	771	(938)
Increase in accounts payable-trade	1,383	(284)	9,976
Increase (decrease) in other current liabilities	2,237	(630)	16,136
Other	221	120	1,594
Subtotal	12,815	7,213	92,440
Interest and dividends received	222	167	1,601
Interest paid	(418)	(399)	(3,015)
Income tax paid	(1,038)	(1,160)	(7,488)
Corporate tax refund amount	110	912	793
Compensation income	32	—	231
Proceeds from insurance income	1	3	7
Proceeds from subsidies for employment adjustment	252	628	1,818
Subsidies received	9,863	4,822	71,146
Net cash provided by operating activities	21,841	12,187	157,549
Investing activities:			
Payments from acquisition of shares of affiliated companies	(20)	—	—
Payments into time deposits	—	(2,611)	—
Proceeds from long-term time deposit refund	2,830	—	20,414
Purchase of tangible fixed assets	(4,728)	(8,108)	(34,105)
Purchase of intangible fixed assets	(69)	(73)	(498)
Payments for caution money, guarantee money and cooperative advances for construction	(434)	(470)	(3,131)
Proceeds from collection of caution, guarantee money and cooperative advances for construction	530	501	3,823
Payments from loans to affiliated companies	(30)	—	(216)
Other payments	(535)	(285)	(3,859)
Net cash used in investing activities	(2,456)	(11,048)	(17,716)
Financing activities:			
Repayments of short-term borrowings	(10,000)	—	—
Proceeds from long-term borrowings	—	12,500	—
Repayments of lease obligations	(5,710)	(4,463)	(41,189)
Purchase of treasury stock	(0.48)	(0.75)	(3)
Proceeds from exercise of share options	136	280	981
Dividends paid	(891)	(887)	(6,427)
Net cash provided by (used in) financing activities	(16,466)	7,428	(118,777)
Translation differences on cash and cash equivalents	4,625	1,842	33,362
Increase (decrease) in cash and cash equivalents	7,545	10,410	54,425
Cash and cash equivalents at beginning of period	52,730	42,320	380,365
Cash and cash equivalents at end of period	¥ 60,275	¥ 52,730	\$ 434,790

Notes: (1) The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥138.63=US\$1, the approximate rate of exchange on August 31, 2022.

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Consolidated Statement of Changes in Net Assets

Millions of Yen

Year Ended August 31, 2022	Shareholders' equity					Accumulated other comprehensive income		Share acquisition rights	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of September 1, 2021	¥8,612	¥10,801	¥68,343	¥(7,414)	¥80,342	¥2,570	¥2,570	¥656	¥83,569
Dividends			(889)		(889)				(889)
Profit attributable to owners of parent			5,660		5,660				5,660
Acquisition of treasury stock				(0.481)	(0.481)				(0.481)
Disposal of treasury stock		70		272	342				342
Net changes of items other than shareholders equity						5,859	5,859	(19)	5,840
Total changes during the term		70	4,771	271	5,112	5,859	5,859	(19)	10,953
Balance as of September 31, 2022	¥8,612	¥10,872	¥73,114	¥(7,143)	¥85,455	¥8,430	¥8,430	¥637	¥94,523

Thousands of U.S. Dollars (Note 1)

Year Ended August 31, 2022	Shareholder's equity					Accumulated other comprehensive income		Subscription rights to shares	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholder's equity	Translation adjustments	Total accumulated other comprehensive income		
Balance as of September 1, 2021	\$62,122	\$77,912	\$492,989	\$(53,480)	\$579,543	\$18,539	\$18,539	\$4,732	\$602,820
Dividends			(6,413)		(6,413)				(6,413)
Profit attributable to owners of parent			40,828		40,828				40,828
Acquisition of treasury stock				(3)	(3)				(3)
Disposal of treasury stock		505		1,962	2,467				2,467
Net changes of items other than shareholders equity						42,264	42,264	(137)	42,127
Total changes during the term		505	34,415	1,955	36,875	42,264	42,264	(137)	79,009
Balance as of September 31, 2022	\$62,122	\$78,425	\$527,404	\$(51,526)	\$616,425	\$60,809	\$60,809	\$4,595	\$681,837

Notes: (1) The U.S. dollar amounts represent translations of Japanese yen amounts at the rate of ¥138.63=US\$1, the approximate rate of exchange on August 31, 2022.

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Corporate Data and Shareholders' Information

Corporate Data

As of August 31, 2022

Company Name	Saizeriya Co., Ltd.
Chairman and Representative Director	Yasuhiko Shogaki
President and Representative Director	Hideharu Matsutani (As of November 29, 2022)
Head Office	2-5, Asahi, Yoshikawa City, Saitama 342-0008, Japan
Established	May 1, 1973
Capital Stock	¥8,612,500,000
Number of Employees	3,939 (Full-time employees; on a consolidated basis)
Number of Outlets	1,547 (1,069 in Japan and 478 overseas)

Consolidated Subsidiaries

Saizeriya Australia Pty. Ltd.
Shanghai Saizeriya Co., Ltd.
Guangzhou Saizeriya Co., Ltd.
Beijing Saizeriya Co., Ltd.
Taiwan Saizeriya Co., Ltd.
Hong Kong Saizeriya Co. Limited
Singapore Saizeriya Pte. Ltd.

Board of Directors and Audit and Supervisory Committee Members

Chairman	Yasuhiko Shogaki
President	Hideharu Matsutani
Director	Noboru Nagaoka
Director, Standing Audit and Supervisory Committee Member	Yasuo Nakajima
Outside Director, Audit and Supervisory Committee Member	Michiharu Matsuda
Outside Director, Audit and Supervisory Committee Member	Takashi Arakawa
Outside Director, Audit and Supervisory Committee Member	Marie Eguchi

As of November 29, 2022

Shareholders' Information

As of August 31, 2022

Total Number of Shares Authorized	73,208,000
Number of Shares Issued	52,272,342
Shares Listed on	Prime Market, Tokyo Stock Exchange
Number of Shareholders	59,771

Principal Shareholders

	Number of Shares Held (Unit: 1,000 shares)	Percentage of Total Shares (%)
Yasuhiko Shogaki	15,248	30.79
Babette Co., Ltd.	4,255	8.59
The Master Trust Bank of Japan, Ltd	4,226	8.53
Custody Bank of Japan, Ltd. (Trust Account)	2,268	4.58
Saizeriya Employees' Stock Holding Association	1,719	3.47
Custody Bank of Japan, Ltd. (Trust E Account)	647	1.31
STATE STREET BANK WEST CLIENT - TREATY 505234	350	0.71
The Chiba Bank, Ltd.	311	0.63
BBH(LUX) FOR FIDELITY FUNDS PACIFIC FUND	299	0.60
Keiko Shogaki	209	0.42

Ownership of Shares by Category

	Number of Shareholders	Number of Shares Held* (Unit: 100 shares)	Percentage of Total Shares (%)
Japanese financial institutions	19	79,677	15.3
Japanese securities companies	24	2,656	0.5
Other Japanese corporations	306	45,106	8.6
Foreign corporations and individuals	219	33,070	6.3
Japanese individuals and others	59,203	361,471	69.3
Total	59,771	521,980	100.00

*Odd-lot shares are excluded.



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