Results of Operations

for the Fiscal Year Ended March 31, 2022 (FY3/22)

Friday, May 27, 2022

OHSHO FOOD SERVICE CORP.

Tokyo Stock Exchange, Prime
Stock code; 9936

Today's Agenda

01 **FY3/22 Financial Highlights**

02 **FY3/22 Major Activities**

03 **FY3/23 Plan**

04 **Appendix**



01

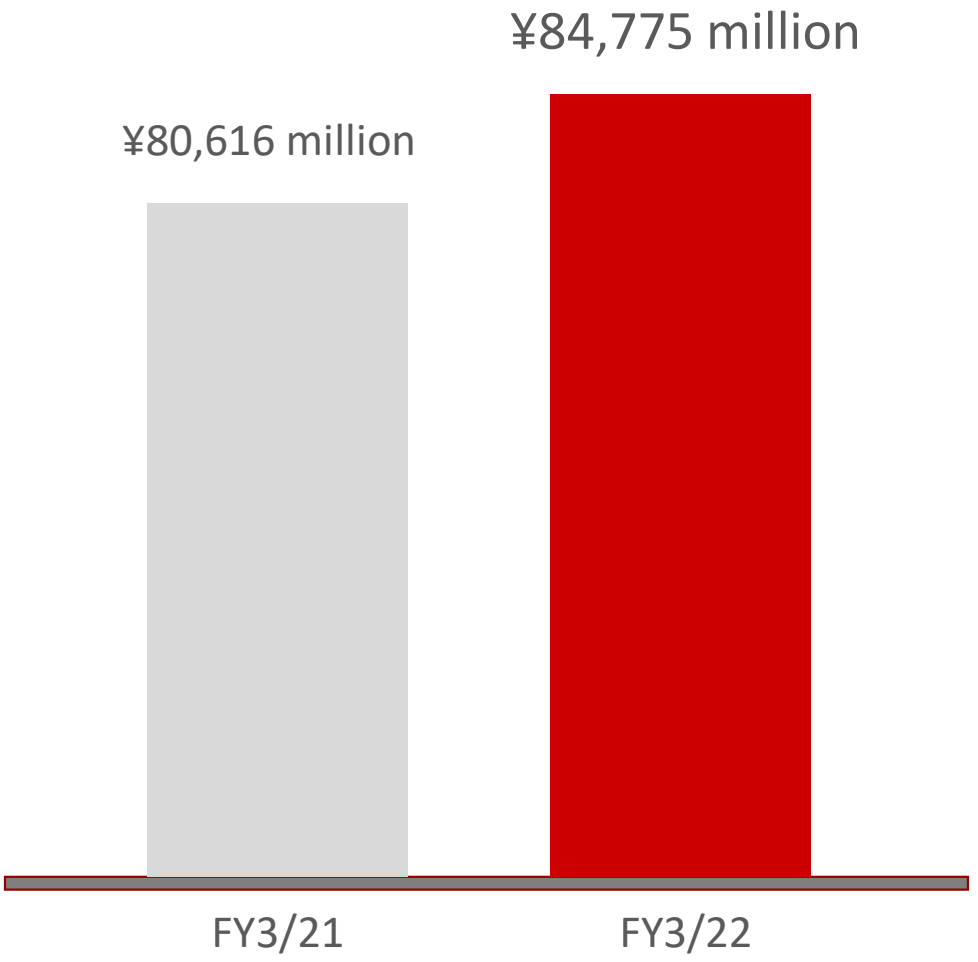
FY3/22 Financial Highlights

Financial Highlights

Consolidated sales increased

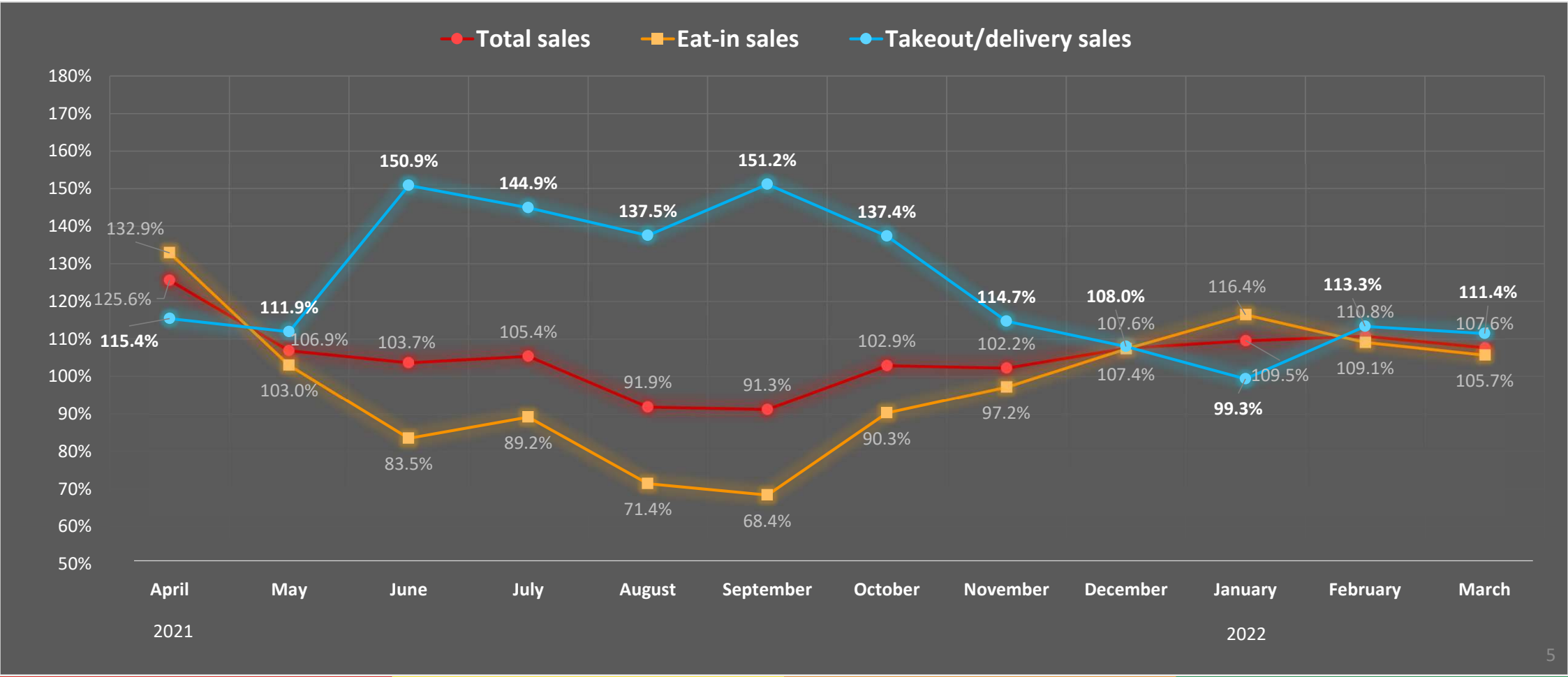
¥84,775 million

(Up 5.2% YoY)



Consistently Strong Growth of Takeout/Delivery Sales

Year-on-year change in sales

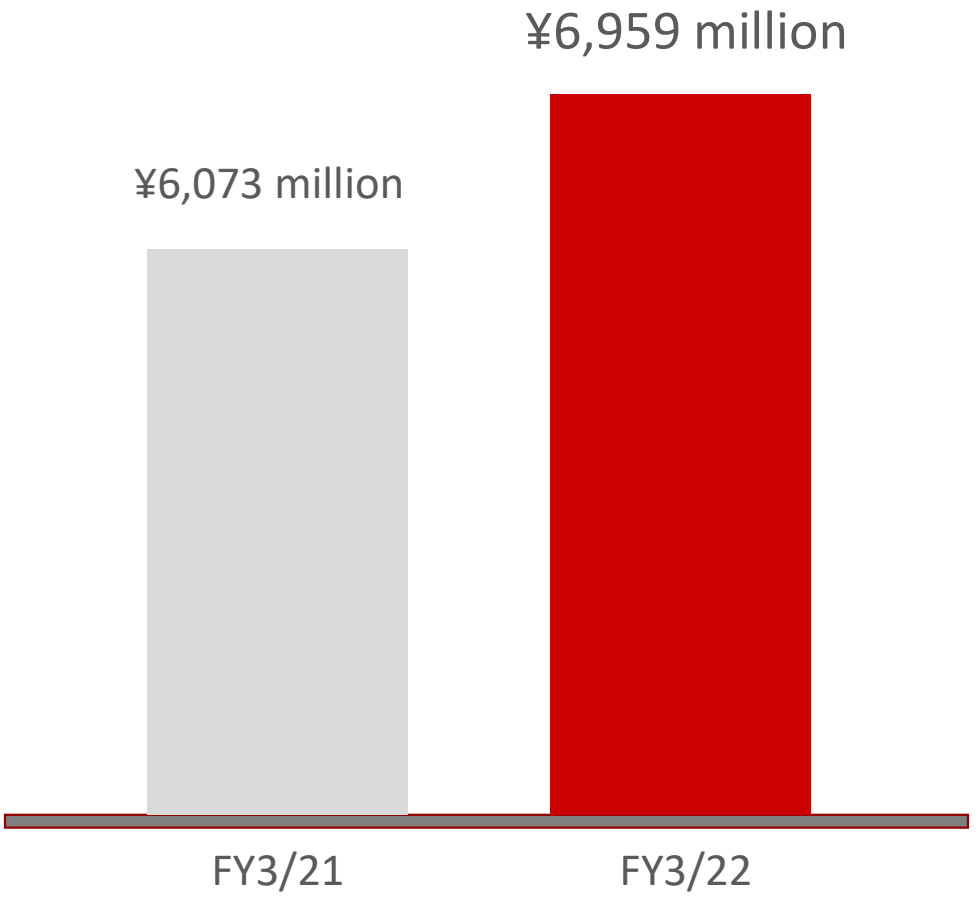


Financial Highlights

Operating profit increased

¥6,959 million
(Up 14.6% YoY)

Operating margin 8.2%

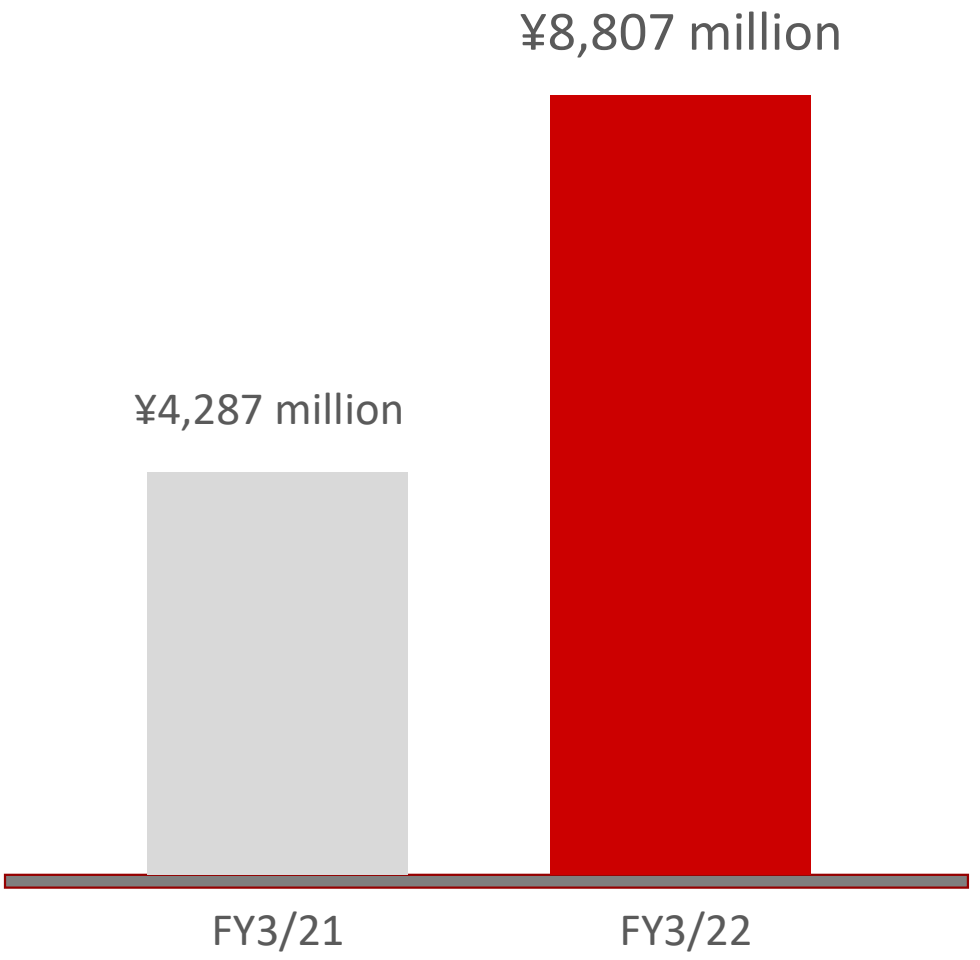


Profit attributable to owners of parent

¥8,807 million

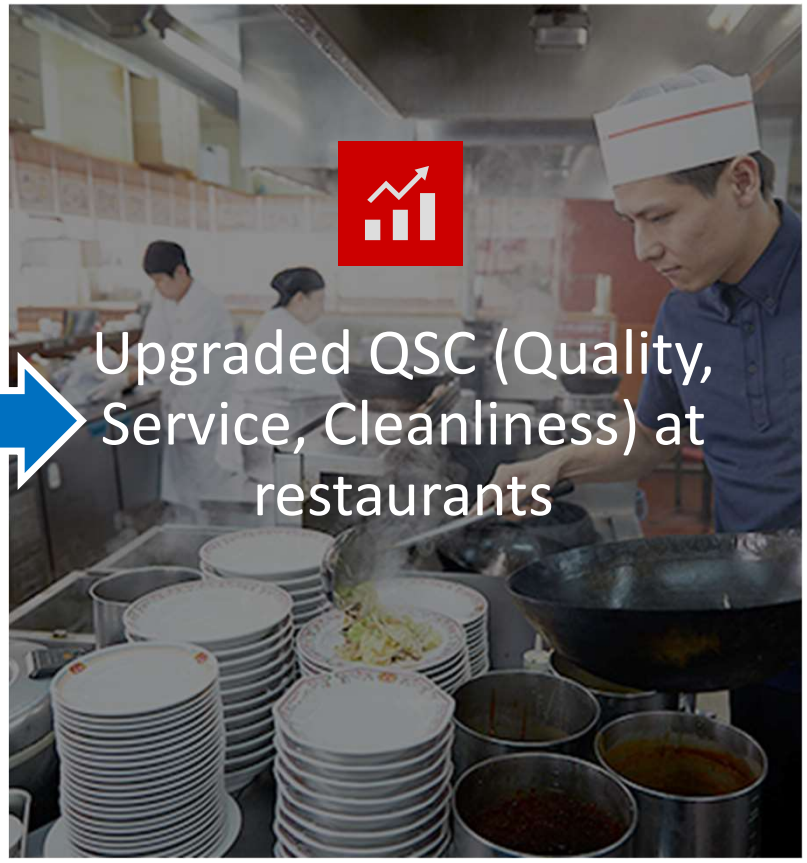
Record-high earnings

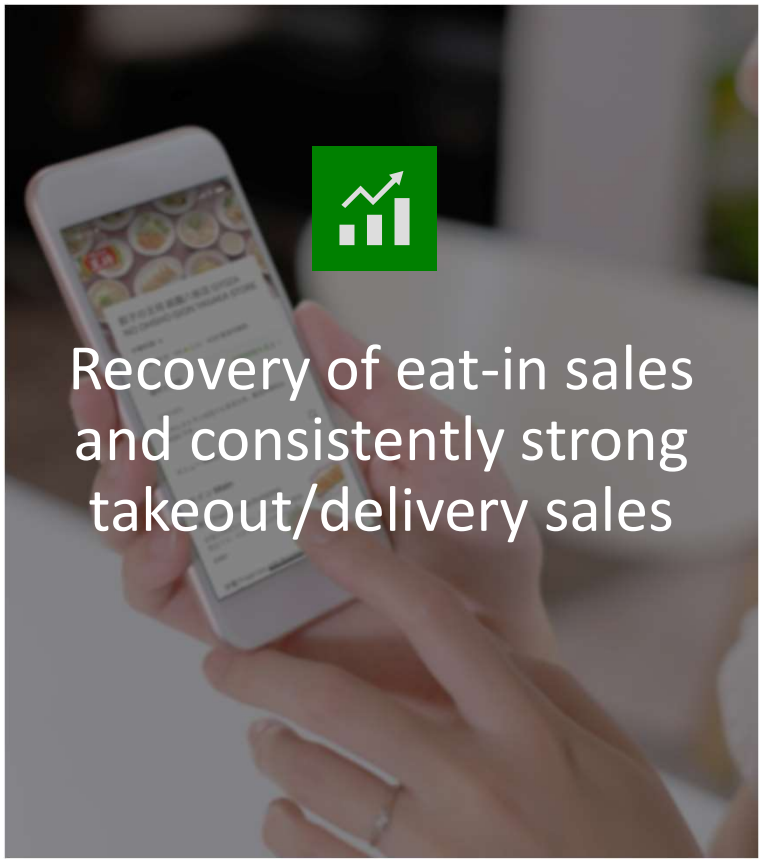
(Up 105.4% vs. FY3/21 profit)



Reasons for Growth of Sales and Earnings









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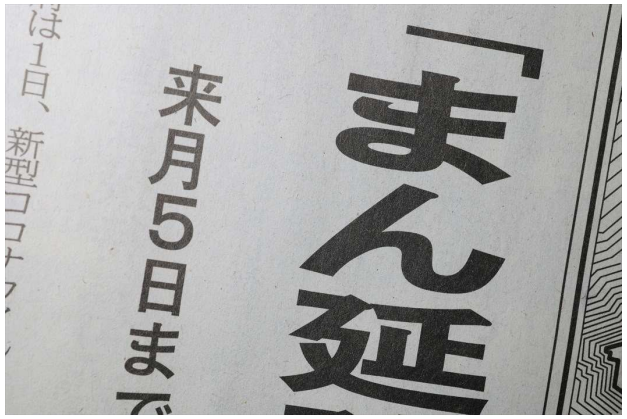
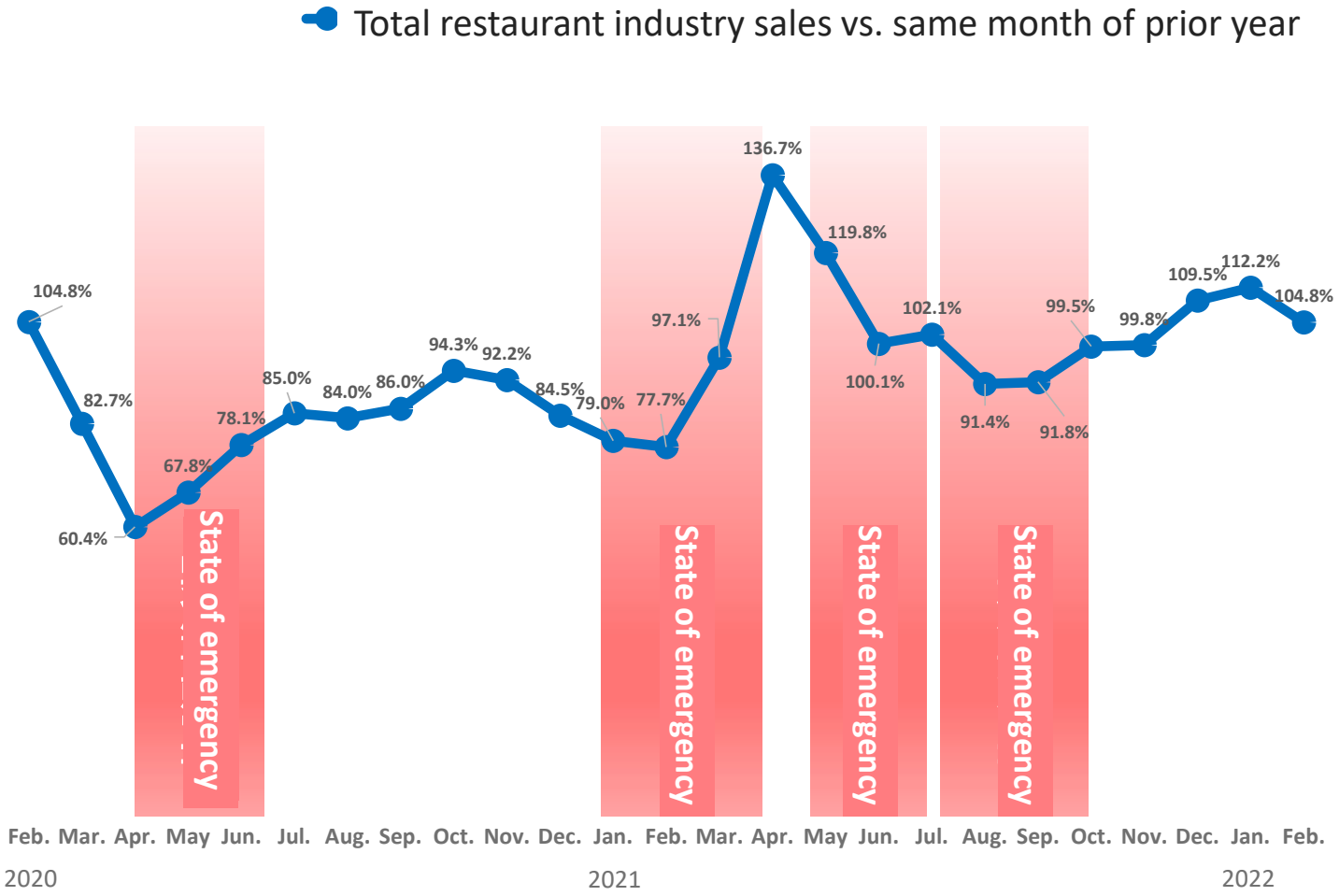
FY3/22 Major Activities

The Severe Impact of the Pandemic on Restaurant Industry in Japan







Source: Restaurant Industry Sales Year-on-Year Change, website of The Japan Food Service Association

Ohsho's strengths remain unchanged even during uncertain market conditions



A dedication to providing safe and delicious meals at reasonable prices

Social Mission

Comfortable dining spaces, sincere hospitality and delicious meals make people happy. We are constantly seeking more ways to provide these sources of happiness at low prices while maintaining outstanding quality. Our mission is to use these activities for making even more people happy.

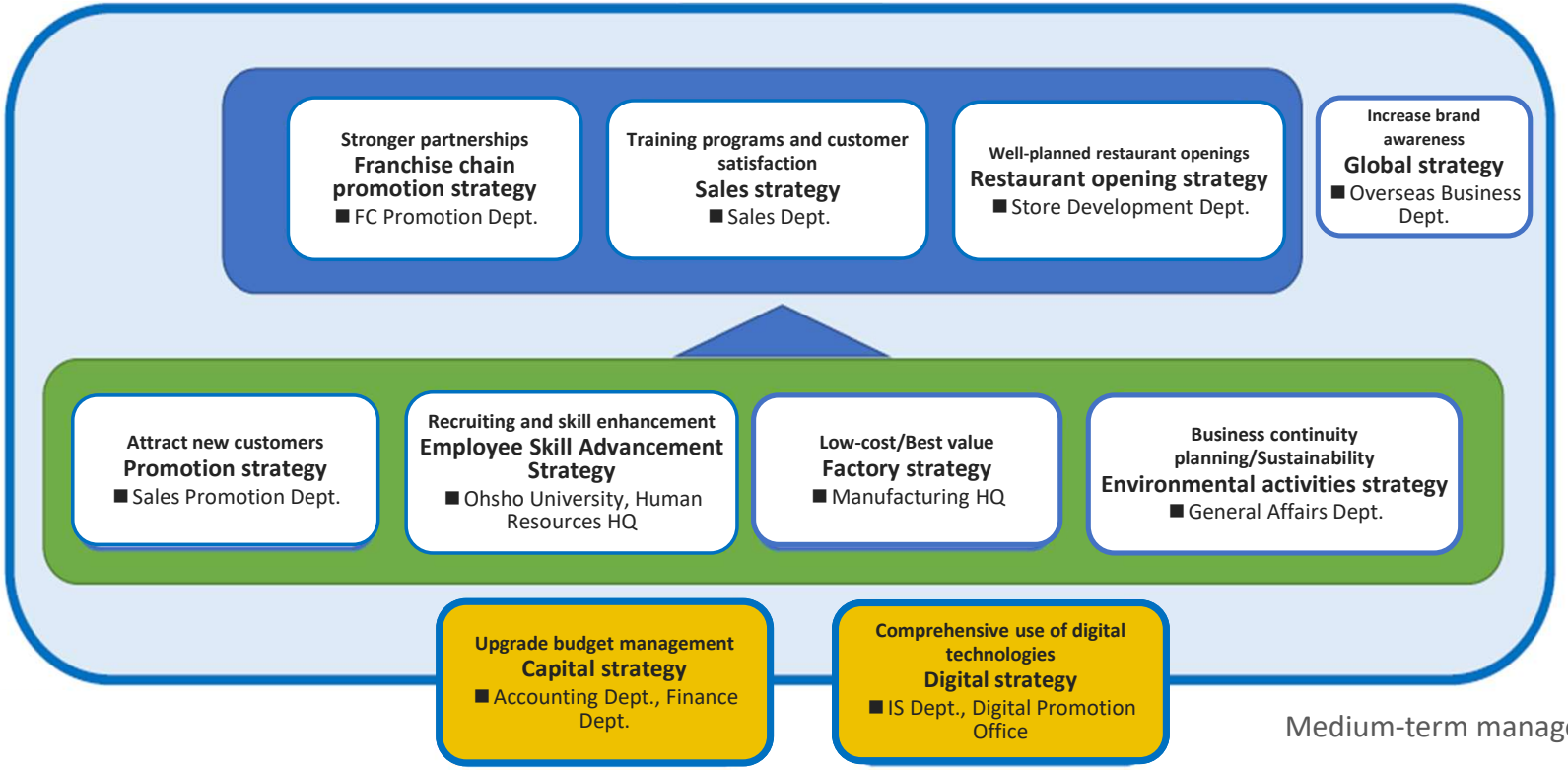
Corporate Philosophy

Create restaurants that earn the praise of customers!

Efforts to accomplish this goal will contribute to our own growth and happiness and enable us to contribute to society.

Medium-Term Management Plan for the Realization of Corporate Philosophy

Create new value by combining “value that can be created only by people” and “value created by digital technologies” and forge ahead to the next stage of development.



Medium-term management plan

Employee Skill Advancement Strategy: Vital to Our Business Operations

A management strategy based on a virtuous cycle centered on enabling employees to achieve their full potential



Major Training Programs and Participants

*Numbers in parentheses are online participants

	Subjects	April 2021-March 2022*	Total participants*
Ohsho Cooking Dojo (FY3/18-)	**Traditional cooking techniques, commitment to excellence**	**25,812 (25,344)**	**34,905 (31,810)**
Ohsho University (FY3/18-)	**Restaurant management and human resource management beginning with basic skills for all grades**	**397 (313)**	**2,578 (321)**
Training camps (FY3/17-)	**Building personal character to embrace and pass on the Ohsho Spirit**	**40 (0)**	**678 (8)**
Food preparation certification (FY3/20-)	**Cooking techniques for preparing high-quality food that complies with the demanding Ohsho Standard**	**159**	**372**

*Food preparation certifications are the number of people who have passed the certification test.

More Training for Operations During the Pandemic

Distribution of videos for meal preparation lessons



Restaurant staff view lessons on iPads



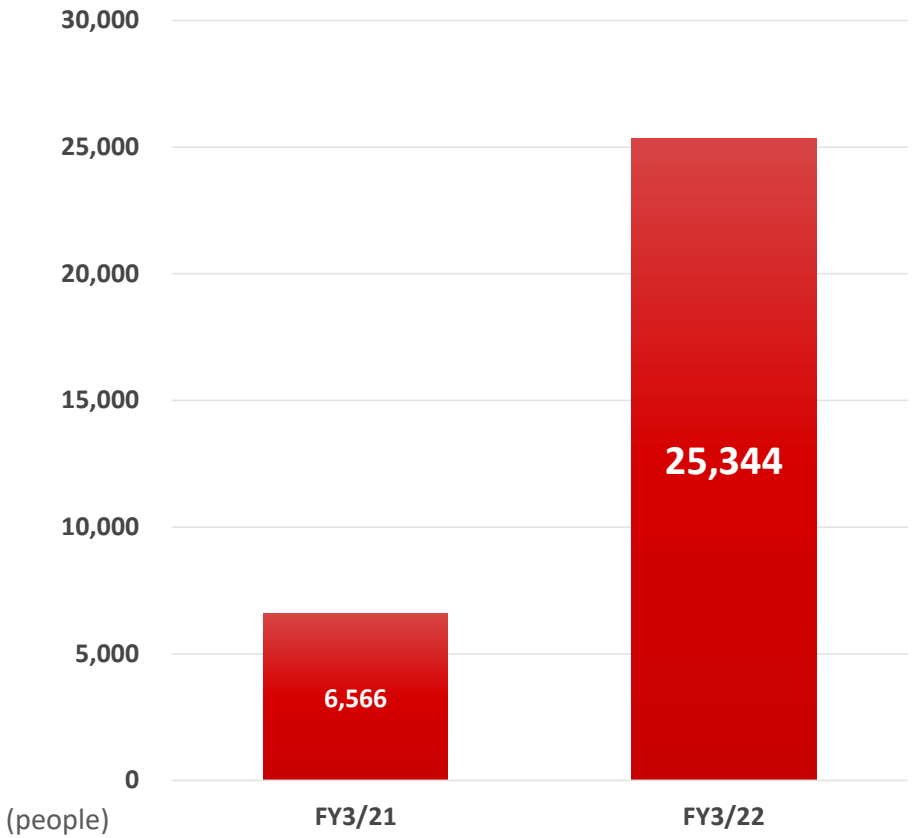
Live distribution of lessons to iPads at restaurants



Live distribution of lessons from the Ohsho Cooking Dojo

More Advances in Food Preparation Techniques and Food Quality

Ohsho Cooking Dojo Lesson Online Participants

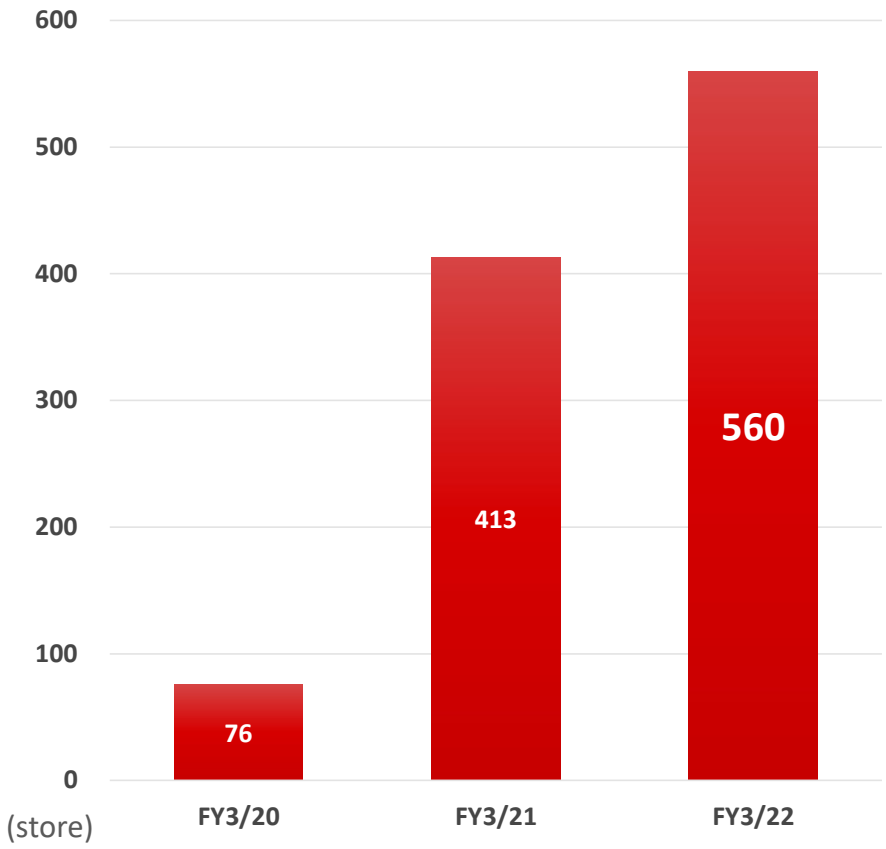


Lessons were mainly for the 14 core dishes of the Grand Menu



Meeting the Growing Demand for Takeout/Delivery Meals

Restaurants with a Delivery Service



Expansion of the Delivery Platform

Demae-can

Uber Eats

menu

Joy Naho, a Restaurant Solely for Takeout/Delivery Orders





テイクアウト&デリバリー
Joy Naho
ジョイ・ナーホ

This location has performed well since its opening and studies are proceeding for opening more Joy Naho restaurants in urban locations.

Main Characteristics of Joy Naho

01 A wide variety of takeout menus served in microwavable containers

02 Customers can pre-order takeout and receive it without waiting

03 Customers can place orders through the platform run by three food delivery operators

04 This format creates the potential to expand to small sites in city-center locations

Numerous Promotional Activities

Heightened sales activities following the end of pandemic restrictions increased the number of customers



Uncooked gyoza sale

Held every month, raises sales



Special monthly menu items

Limited time only, contributed to sales



A new beverage

An innovative substitute for beer

Gyoza Club Customer Appreciation Campaign

Expanded the gift program to attract a broad range of loyal customers

Gyoza Club Members

Cumulative members for the 2022 campaign

862,000

*As of March 31, 2022



Sales Activities Using a Smartphone App

Official app for smartphones downloads

2,956,000

*As of March 31, 2022



Sales Activities Using Social Networking Services

Using FACEBOOK to provide a variety of information



Using Twitter to provide a variety of information



The New Ohsho Television Commercial

The power of good taste will change the future.

We want to use Ohsho's delicious gyoza and other food to invigorate Japan.

The new commercial features actor Taiga Nakano and the commercial's theme song is "Ittosei," a new title by Ketsumeishi. The central message is that the power of good taste will change the future.

Starring Taiga Nakano + Music Ketsumeishi

















Ohsho on TV

Appeared on the TBS program “Jobtune” on Feb. 19, 2022

The day after this program aired, Ohsho posted record-high daily sales of ¥349 million.
Furthermore, sales were up 19.8% YoY during the week after the program aired.

The “Ichioshi (Recommended) Menu” chosen by employees has been recognized by prominent chefs!

*Actual gyoza may differ from this photo.

Gyoza

Approved Unanimously



Gyoza, the premier menu item, is prepared without freezing at any time and delivered in a chilled condition to restaurants. Garlic is grown in Aomori prefecture and flour used for the dough originates in Hokkaido. Other main ingredients, such as pork, cabbage, nira and ginger, are also produced in Japan.

Gyoza are cooked on a grill made in accordance with Ohsho’s own specifications. Ohsho gyoza is widely recognized as having wrappers made of flavorful flour with an outstanding taste. Customers are also aware that the perfectly prepared gyoza at Ohsho are possible only by using the custom grill.

Continue Opening Many Locations Even as the Pandemic Continues

At the end of March 2022, there were 536 directly operated and 198 franchised restaurants, a total of 734 locations.

Opened 10 directly operated restaurants (generally as planned)



Kendo-377go-Yoshikawa-Sakae store in Saitama



Kokudo-202go-Itoshima store in Fukuoka



Numazu-Matsunaga store in Shizuoka

Consistently High Sales at Franchised Restaurants

Strengthen partnership with our franchised stores

- Ohsho franchise consultants periodically make the rounds of franchised stores to provide guidance
- Current and future franchise owners and current and future restaurant managers attend Ohsho University and the Ohsho Cooking Dojo



New gyoza grills further increase quality

Franchised restaurants are replacing grills with the same models used at directly operated restaurants.



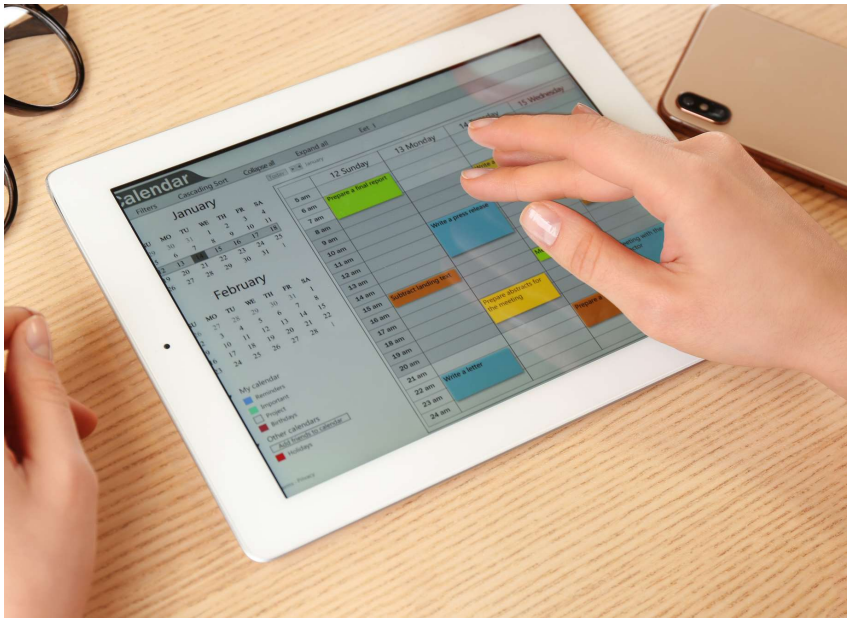
Business Process Reforms for Higher Productivity

DX for maximizing the value that can be created only by people

The digital transformation (DX) at Ohsho uses the convergence of “value that can be created only by people” and “value created by digital technologies” for the purpose of translating the corporate philosophy into actions.

Digital technology for restaurant shift management

An IT system to replace manual tasks for shift management



The DX of production operations (central kitchens)

Completed installation of a digital picking system at the Kumiyama Plant



Sustainability Activities for Accomplishing Strategic Goals

Basic Sustainability Policy

Comfortable dining spaces, sincere hospitality and delicious meals make people happy. Our social mission is to use our business operations for making even more people happy.

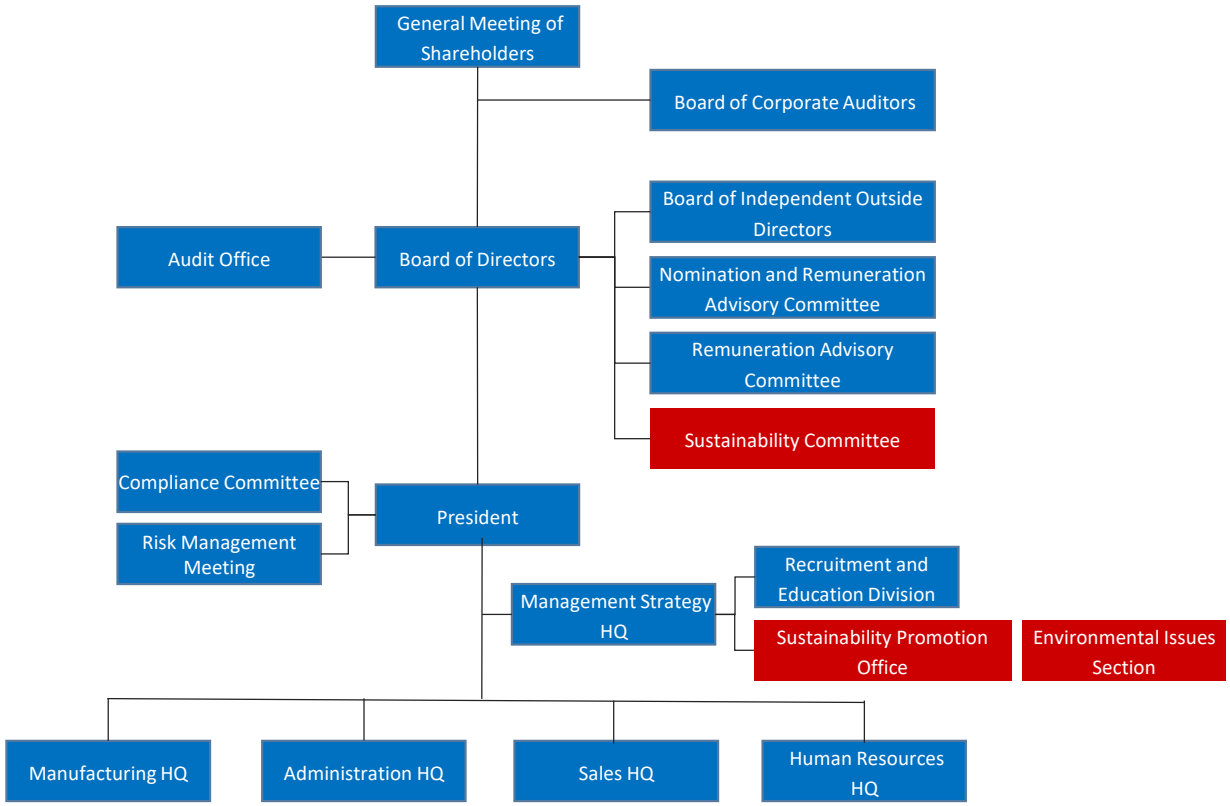
Our business operations are closely linked with food, which is a blessing of nature, and the food suppliers that we use.

Consequently, our social mission can also be expressed as the pursuit of sustainability. Our corporate philosophy of “creating restaurants that earn the praise of customers” is also an integral part of our activities for sustainability.

Our commitment to our corporate philosophy contributes to the growth of corporate value as well as to the establishment of a sustainable society.

Governance Structure

Scheduled to change in July 2022



Sustainability Vision

Our goal is corporate value growth as well as the establishment of a sustainable society.

A society where no one goes hungry



As a company that produces food, Ohsho has a commitment to playing a role in the creation of a society where everyone has adequate food and can enjoy healthy and fulfilling lives.

Protection of the global environment



The global environment is critical to sustainability. Our goal is to use numerous environmental activities for lowering the environmental impact of our business operations, helping create a society where resources are recycled, and achieving other goals for protecting the environment.

Mutual prosperity for all stakeholders



For customers, we provide comfortable dining spaces, sincere hospitality, and safe and delicious meals. For shareholders, we use strong sales and earnings for corporate value growth and distributions to shareholders. For suppliers who produce and deliver food and ingredients, we build win-win relationships. For employees, we make substantial investments for training and other programs to support their advancement and we maintain workplace environments where all employees can do their best regardless of gender, age and other characteristics. For these and all other stakeholders, we will continue to do everything possible for the achievement of mutual prosperity.

A Society Where No One Goes Hungry

“Bento for Kids” free of charge to Kodomo Shokudo



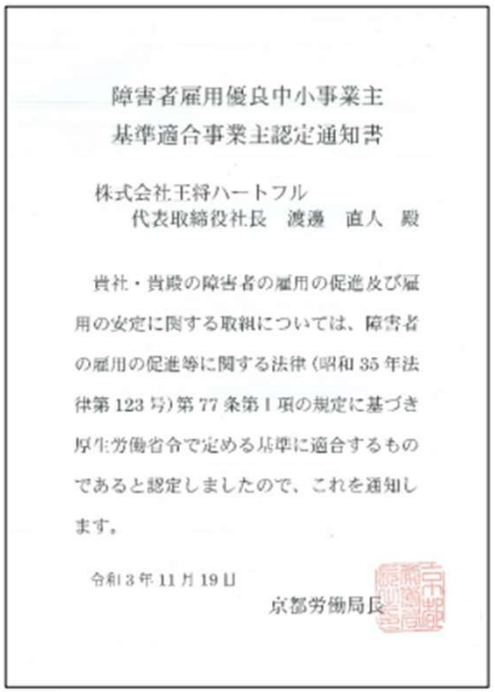
Date		No. of meals
Summer break in 2021	August 17-September 13, 2021	About 32,000
Winter break in 2021	December 20-28, 2021 and January 7-18, 2022	About 63,000
Spring break in 2022	March 28-April 7, 2022	About 43,000



Mutual Prosperity for All Stakeholders

Ohsho Heartful Selected as a Monisu Certified Company

Monisu certification mark



障害者雇用優良中小事業主
基準適合事業主認定通知書

株式会社王将ハートフル
代表取締役社長　渡邊　直人　殿

貴社・貴殿の障害者の雇用の促進及び雇用の安定に関する取組については、障害者の雇用の促進等に関する法律（昭和35年法律第123号）第77条第1項の規定に基づき厚生労働省令で定める基準に適合するものであると認定しましたので、これを通知します。

令和3年11月19日

京都労働局長

Monisu certification

Wholly owned subsidiary Ohsho Heartful Co., Ltd. received this certification because of its many activities for providing jobs to individuals with developmental disabilities.



About 20 tons are used for making gyoza every day.



Sorting is performed by using data centralized at Ohsho plants.

* Monisu certification is a program of the Minister of Health, Labour and Welfare for the purpose of recognizing small and midsize companies that have outstanding programs for enabling people with developmental disabilities find and keep jobs.

Mutual Prosperity for All Stakeholders

Nine consecutive years of standard monthly salary increases

Employees received new lifestyle support payments and pandemic assistance payments.



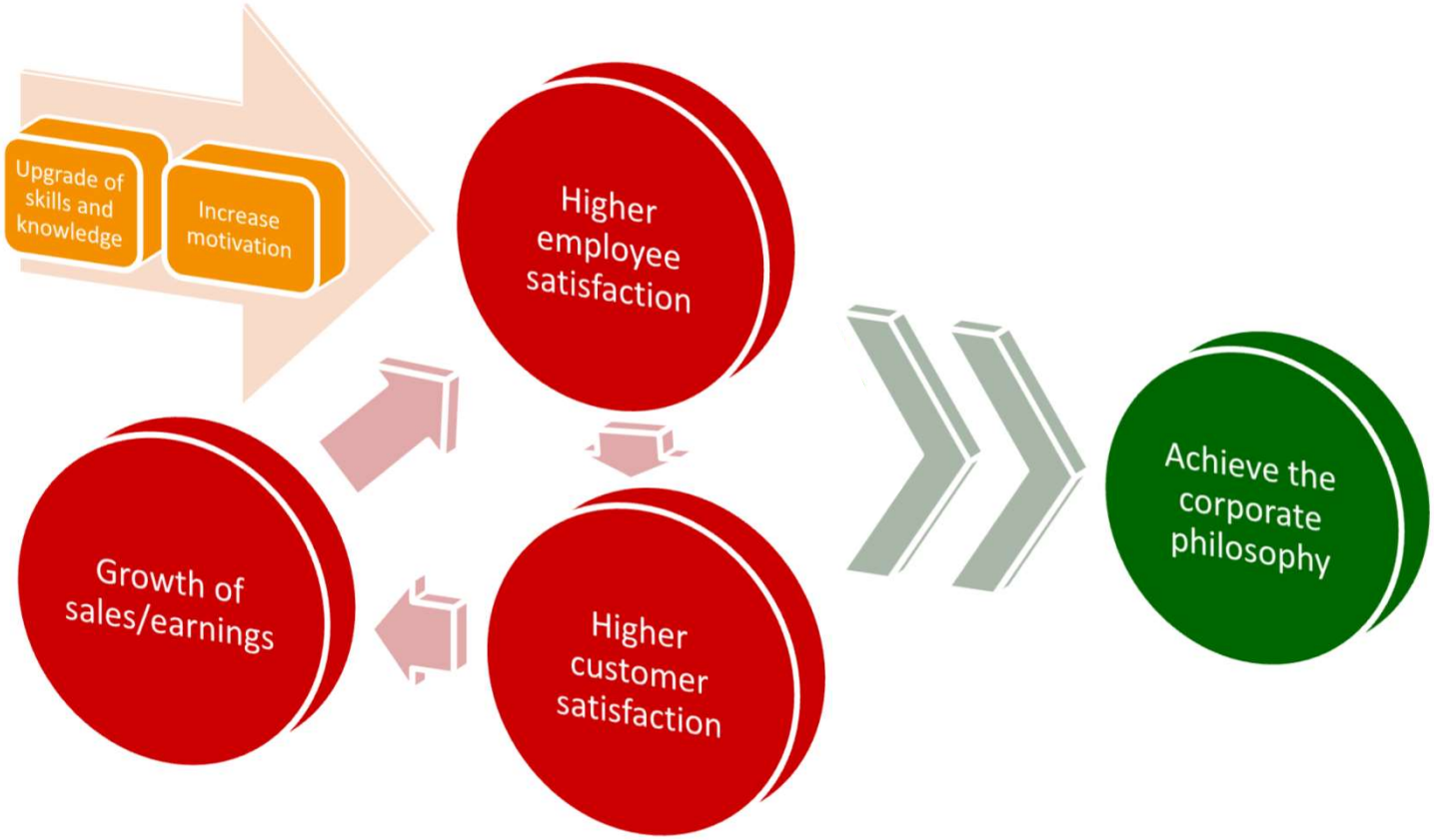


Mutual Prosperity for All Stakeholders

Investments in human resources are one of Ohsho's highest priorities







Protection of the Global Environment

Customers now pay for biomass plastic spoons and soup spoons

- Start of charging prices for spoons and soup spoons
- Change in materials used (continuing to provide at no cost)

Plan to reduce the volume of applicable plastic items by

About 80%



お客様のご理解・ご協力の程、よろしくお願いいたします。

ESG Initiatives

Aiming for Even Higher Standards for Governance

Ohsho Food's listing moved to the TSE Prime Market in April 2022

We plan to establish an even more effective governance structure in order to receive investments from a larger number of institutional investors.





03

FY3/23 Plan

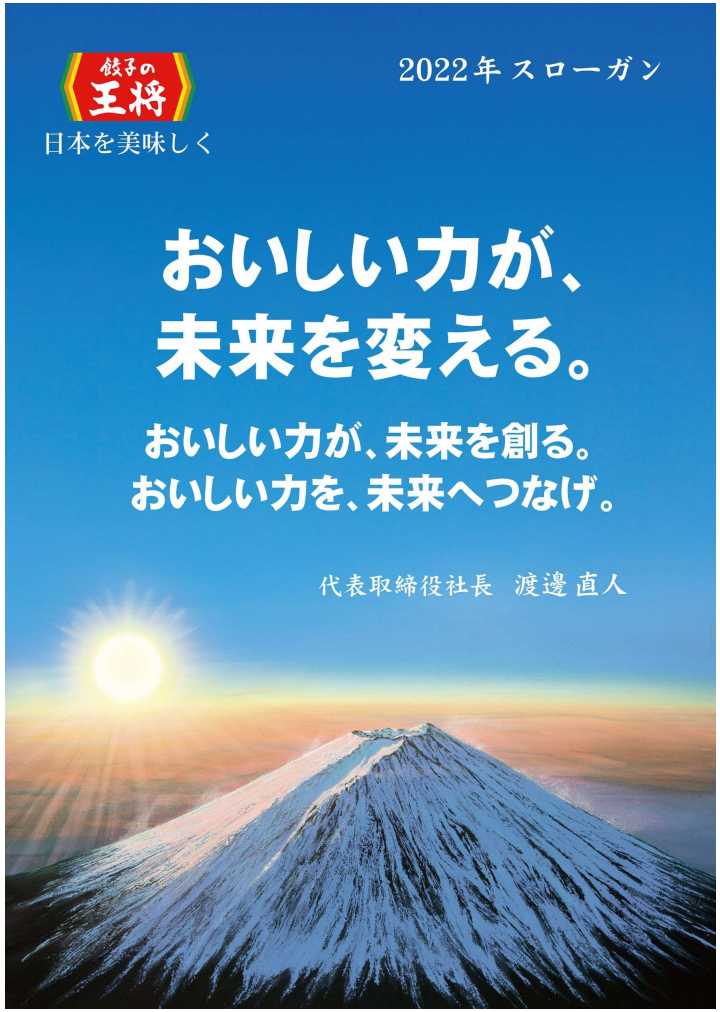
Price Revisions for Some Menu Items

On May 14, we revised the prices of some menu items. We also took steps to offset the higher cost of ingredients and modified recipes to create even more flavorful dishes.



Prices of about 20% of the Grand Menu items were raised by ¥20 to ¥30.

The Ohsho Food 2022 Slogan



The power of good taste will change the future.

We are dedicated to energizing society by providing delicious food.
To accomplish this goal, we will continue upgrading our technologies and increase our power of good taste.



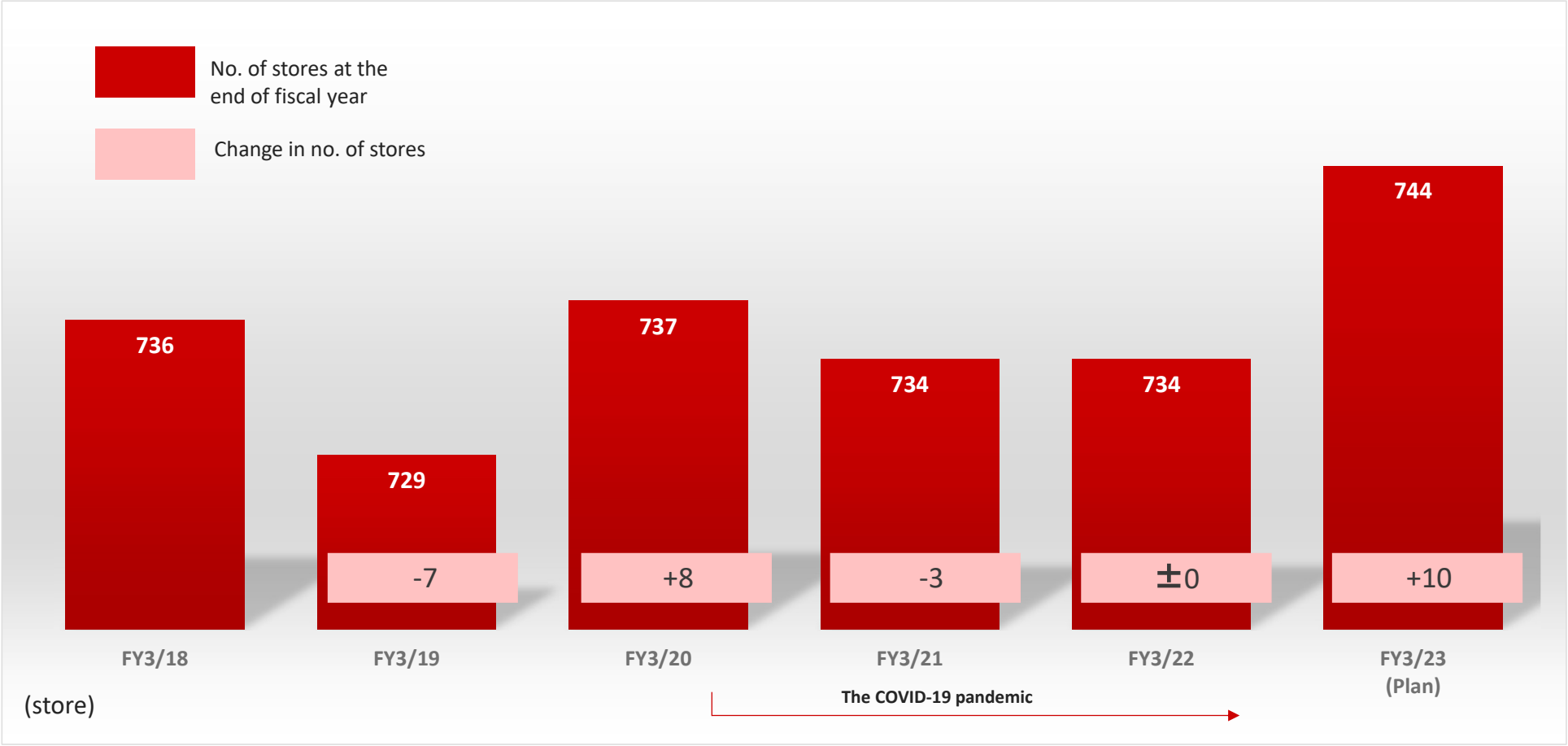
FY3/23 Outlook

The FY3/23 plan includes the effects of the May 14 price revisions and assumes that the current business climate will not change significantly.
Plan on a 4.4% increase in sales at existing directly operated stores in Japan

(Millions of yen)	FY3/20 Results	FY3/21 Results	FY3/22 Results	FY3/23 Full year Plan	YoY change Amount	YoY change %	(Reference) vs. FY3/20 %
Net sales	85,571	80,616	84,775	**90,029**	+5,254	+6.2%	+5.2%
Gross profit	60,148	56,088	58,175	**62,158**	+3,983	+6.8%	+3.3%
Operating profit	7,698	6,073	6,959	**7,516**	+557	+8.0%	-2.4%
Operating profit to net sales	9.0%	7.5%	8.2%	**8.3%**	+0.1pt	-	-
Ordinary profit	8,084	6,867	13,024	**8,627**	-4,396	-33.8%	+6.7%
Ordinary profit to net sales	9.4%	8.5%	15.4%	**9.6%**	-5.8pt	-	
Profit attributable to owners of parent	5,311	4,287	8,807	**5,478**	-3,328	-37.8%	+3.1%
Profit to net sales	6.2%	5.3%	10.4%	**6.1%**	-4.3pt	-	
Net income per share	283.10 yen	228.42 yen	469.01 yen	**291.60 yen**	-	-	

FY3/23 Plan for Opening and Closing Restaurants

Plan on 15 new restaurants and 5 closings for a net increase of 10 locations

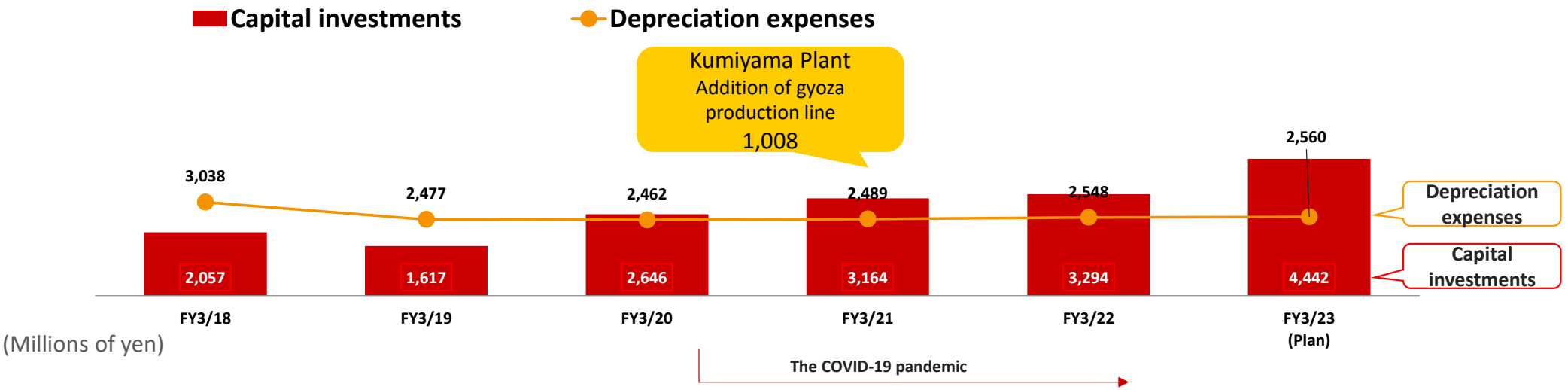


FY3/23 Plan for Capital Expenditures

Capital expenditures are primarily for restaurant openings and renovations

Composition of Capital Expenditures

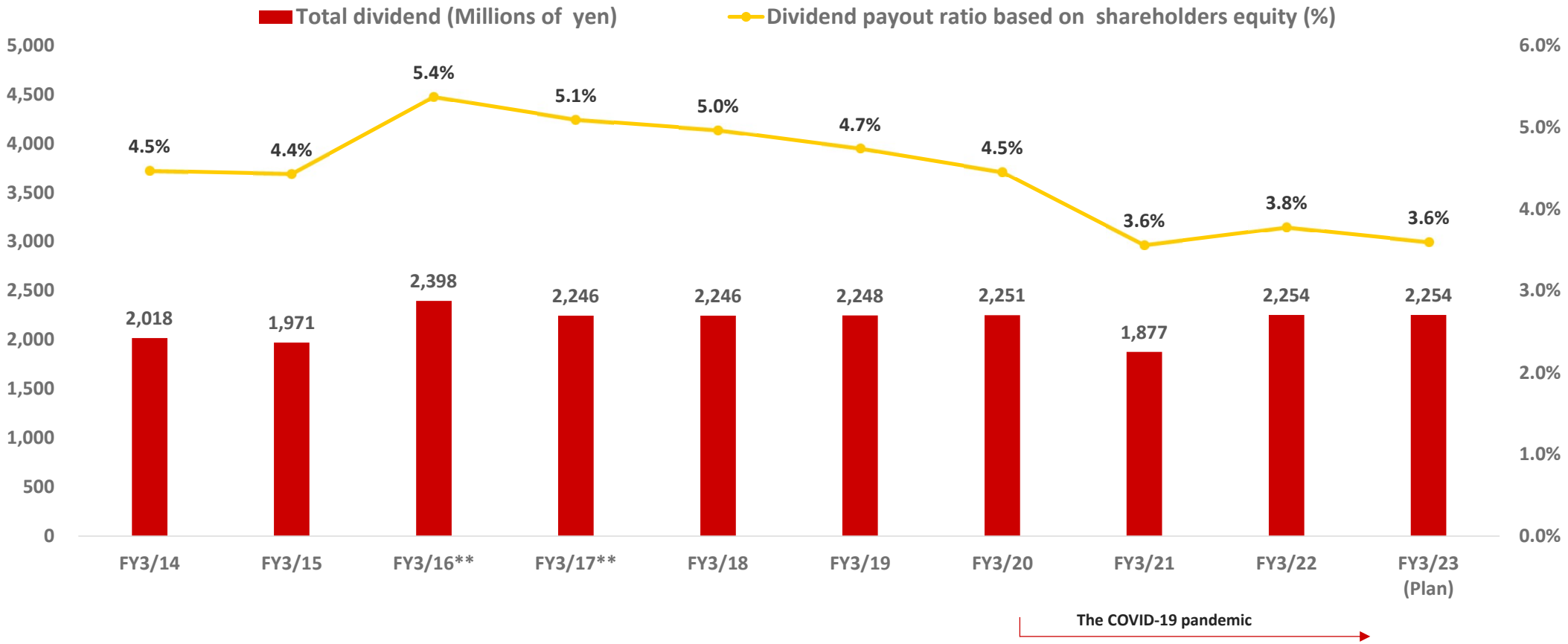
(Millions of yen)	Opening of new stores	Renovation of existing stores	Central kitchens	Others	Total
FY3/22 results	1,031	1,476	580	205	3,294
FY3/23 plan	**1,749**	**2,036**	**432**	**224**	**4,442**



(Millions of yen)

Shareholder Returns

We have established a guideline for the dividend payout ratio based on shareholders' equity in accordance with our policy of increasing shareholder distributions by paying a stable and continuous dividend.




The power of good taste will change the future.
おいしい力が、
未来を変える。



04

Appendix

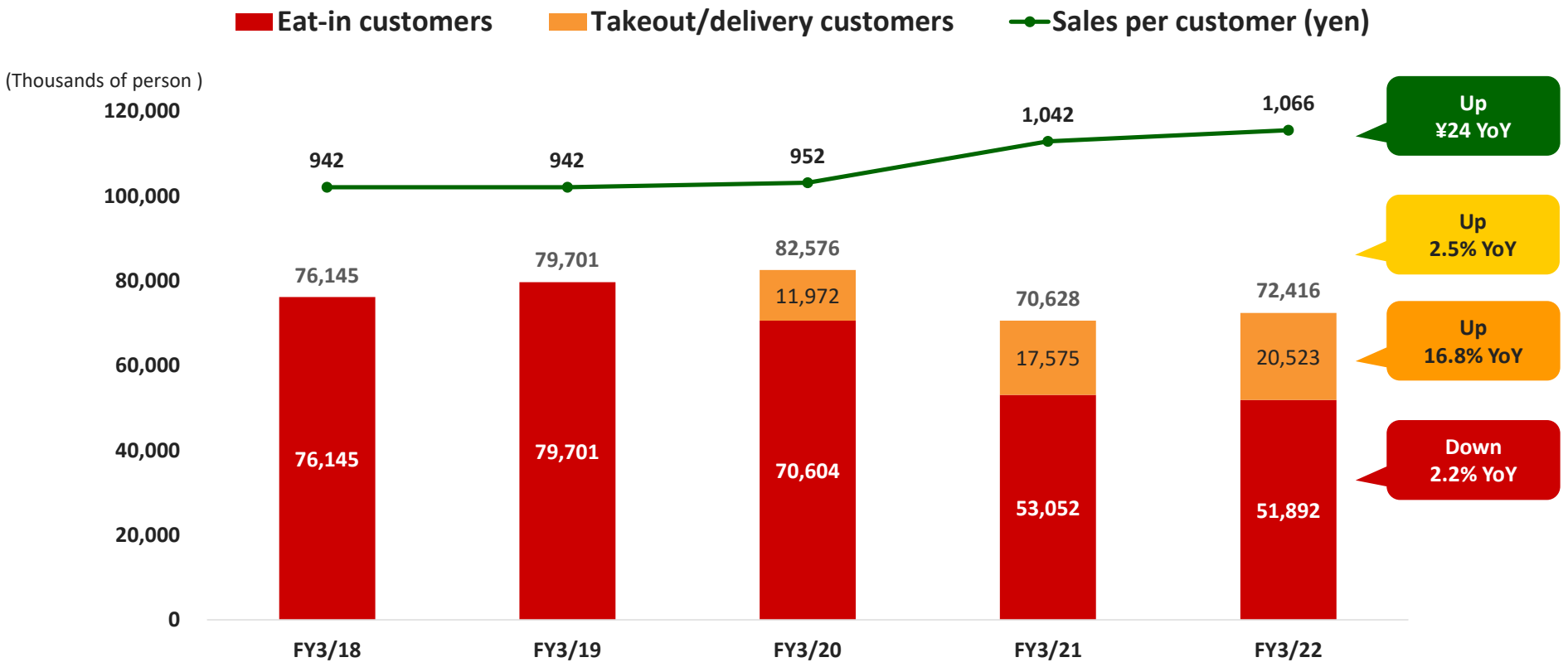
FY3/22 Financial Summary

The operating margin was 8.2%, which is above the goal of 8.0%

(Millions of yen)		FY3/21	FY3/22					
			1H	2H	Full year	YoY change		
						1H	2H	Full year
Net sales		80,616	40,463	44,312	**84,775**	+3.4%	+6.8%	+5.2%
Directly operated stores *2	Eat-in	48,971	20,898	26,100	**46,999**	-12.1%	+3.6%	-4.0%
	Takeout/delivery	24,608	15,919	14,296	**30,216**	+33.4%	+12.8%	+22.8%
Franchised stores		6,730	3,519	3,775	**7,294**	+6.7%	+10.0%	+8.4%
Gross profit		56,088	27,795	30,379	**58,175**	+1.9%	+5.4%	+3.7%
Operating profit		6,073	3,192	3,766	**6,959**	+33.5%	+2.3%	+14.6%
Operating profit to net sales		7.5%	7.9%	8.5%	**8.2%**	-	-	+0.7pt
Ordinary profit		6,867	5,982	7,041	**13,024**	+121.3%	+69.1%	+89.6%
Ordinary profit to net sales		8.5%	14.8%	15.9%	**15.4%**	-	-	+6.9pt
Profit attributable to owners of parent		4,287	4,274	4,533	**8,807**	+151.7%	+75.1%	+105.4%
Profit to net sales		5.3%	10.6%	10.2%	**10.4%**	-	-	+5.1pt
Net income per share		228.42 yen	227.64 yen	241.36 yen	**469.01 yen**	-	-	-

Number of Customers and Sales per Customer (All Directly Operated Stores in Japan)

The start at an early stage of activities for strengthening takeout/delivery services resulted in a 16.8% increase in takeout/delivery customers and raised sales per customer to ¥1,066.



*Ohsho started counting eat-in and takeout/delivery customers in FY3/20. Only the total number of customers is shown in FY3/19 and FY3/18.

FY3/22 Balance Sheets

Liabilities decreased mainly because of the repayment of long-term borrowings obtained to prepare for an extended impact of the pandemic. Net assets increased because of FY3/22 earnings.
As a result, the equity ratio rose from 58.1% to 66.1%.

(Millions of yen, %)	FY3/21	FY3/22		Change
		Amount	%	
Current assets	42,452	**40,880**	45.7	-1,572
Cash and deposits	39,590	**37,440**	41.9	-2,150
Non-current assets	48,701	**48,525**	54.3	-176
Property, plant and equipment	36,092	**36,228**	40.5	+135
Buildings and structures	12,118	**12,068**	13.5	-50
Land	20,649	**20,589**	23.0	-60
Intangible assets	143	**232**	0.3	+89
Investments and other assets	12,465	**12,063**	13.5	-402
Investment securities	5,286	**4,096**	4.6	-1,190
Guarantee deposits	4,274	**4,425**	4.9	+150
Deferred tax assets	2,029	**2,450**	2.7	+420
Allowance for doubtful accounts	(15)	**(14)**	(0)	+1
Total assets	91,154	**89,405**	100.0	-1,748

(Millions of yen, %)	FY3/21	FY3/22		Change
		Amount	%	
Current liabilities	20,582	**25,446**	28.5	+4,864
Current portion of long-term borrowings	10,931	**12,912**	14.4	+1,981
Non-current liabilities	17,619	**4,860**	5.4	-12,759
Long-term borrowings	16,063	**3,151**	3.5	-12,912
Total non-current liabilities	38,201	**30,307**	33.9	-7,894
Shareholders' equity	52,764	**59,673**	66.7	+6,909
Share capital	8,166	**8,166**	9.1	±0
Capital surplus	9,259	**9,316**	10.4	+56
Retained earnings	46,045	**52,860**	59.1	+6,815
Treasury shares	(10,707)	**(10,669)**	(11.9)	+37
Total valuation and translation adjustments	188	**575**	0.6	+386
Total net assets	52,952	**59,098**	66.1	+6,145
Total liabilities and net assets	91,154	**89,405**	100.0	-1,748

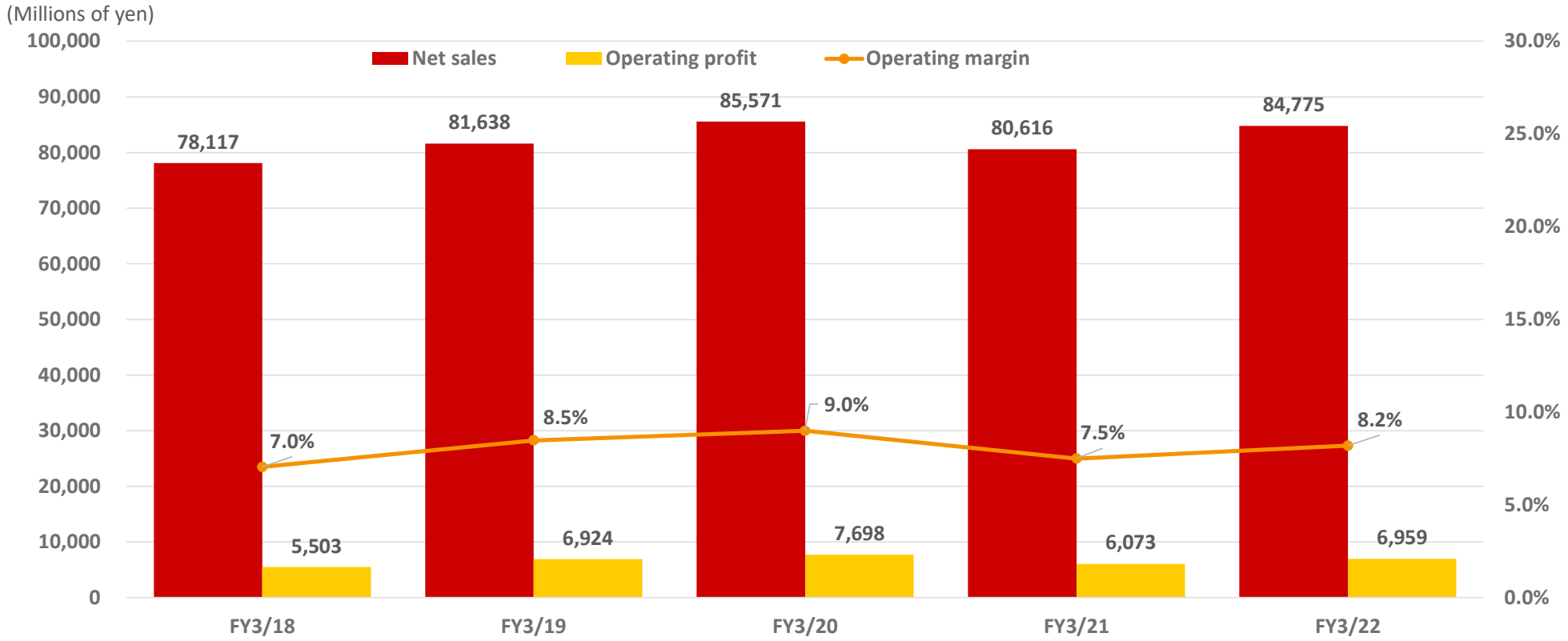
FY3/22 Cash Flows

Cash and cash equivalents at end of period were ¥37,440 million mainly due to repayments of long-term borrowings

(Millions of yen)	FY3/21	FY3/22	Change
Cash flows from operating activities	5,824	**13,596**	+7,772
Profit before income taxes	6,591	**12,991**	+6,400
Compensation income for expropriation	0	**(324)**	-324
Income taxes paid	(2,542)	**(2,197)**	+344
Cash flows from investing activities	(3,444)	**(2,941)**	+502
Purchase of property, plant and equipment	(3,192)	**(2,556)**	**+636**
Cash and cash equivalents at end of period	2,379	**10,654**	+8,275
Cash and cash equivalents at end of period	20,092	**(12,808)**	-32,901
Net decrease in borrowings	22,157	**(10,931)**	-33,088
Dividends paid	(2,064)	**(1,877)**	+186
Cash and cash equivalents at end of period	39,590	**37,440**	-2,150

Five-Year Summary

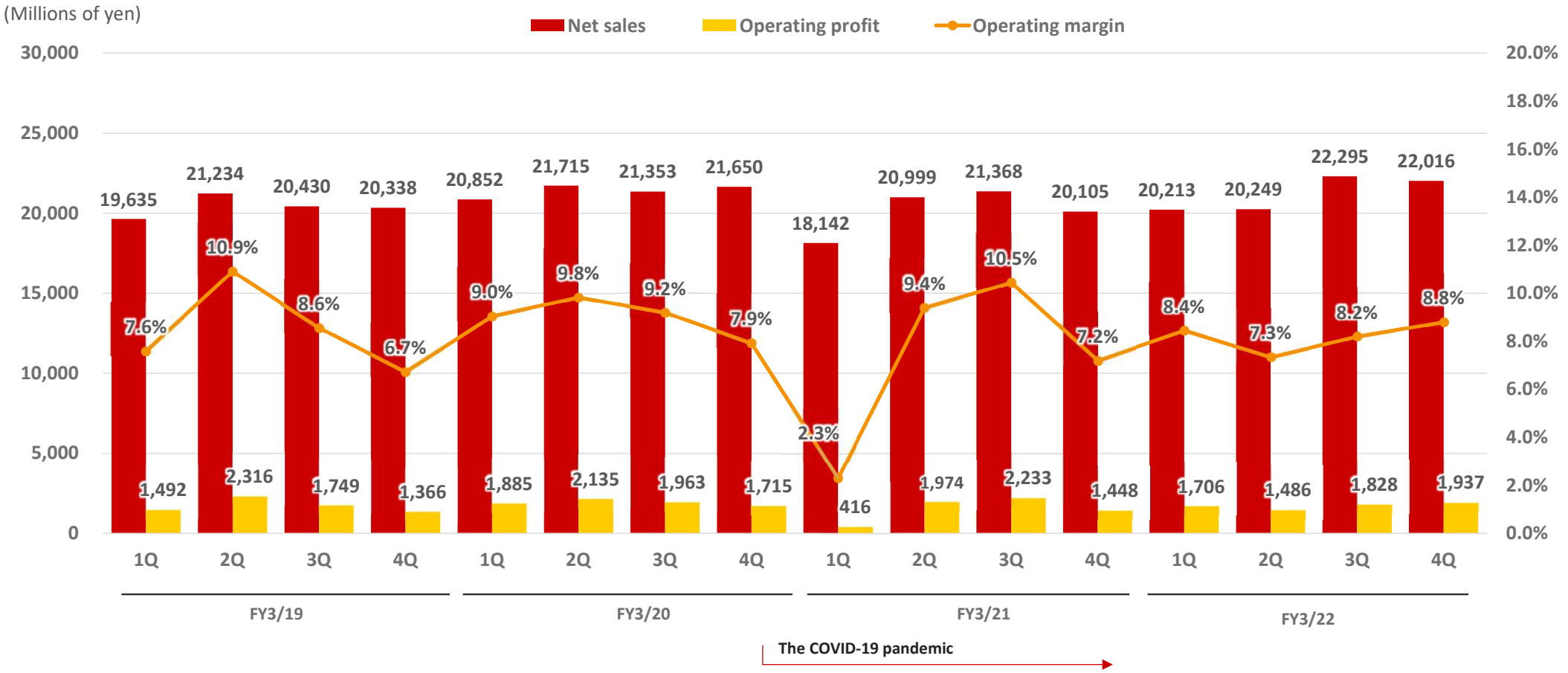
Although the pandemic held down sales and earnings in FY3/21, innovative activities that accurately reflected market conditions began to produce benefits in the 2Q of FY3/21.



The COVID-19 pandemic

Quarterly Results

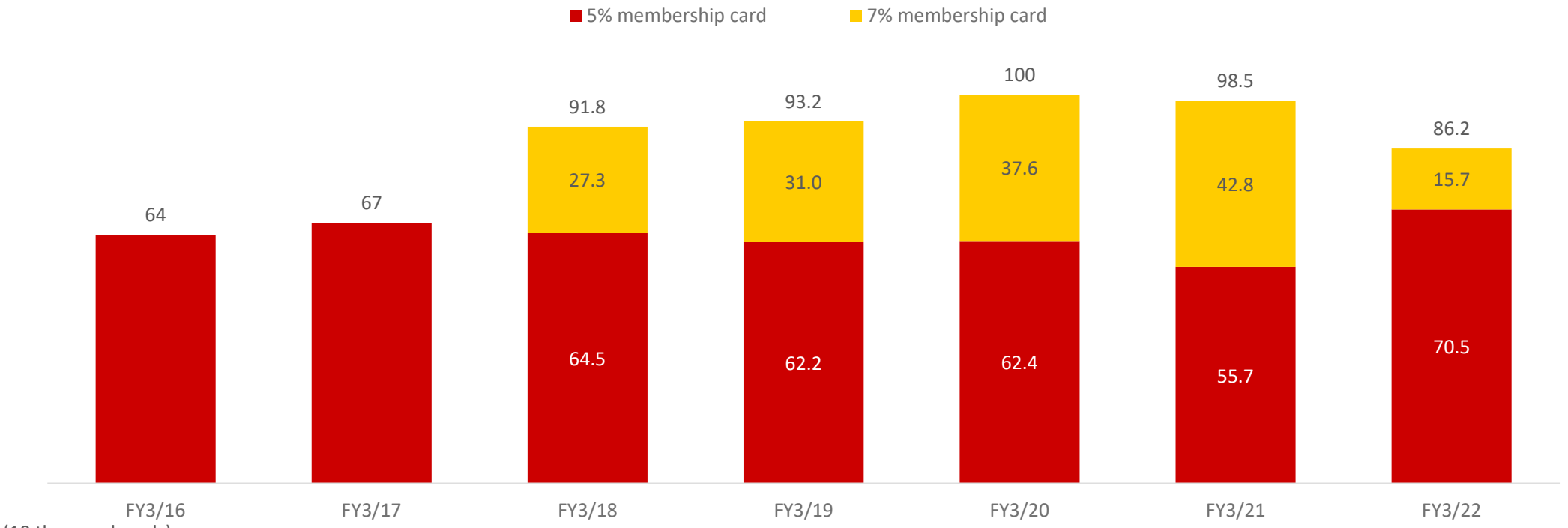
Big increases in sales and earnings in the 3Q of FY3/22 due to the end of pandemic restrictions on restaurant operations



Gyoza Club Members

The distribution of Gyoza Club membership cards started in 2001 and the number of members has increased steadily due to many types of marketing campaigns and fairs.

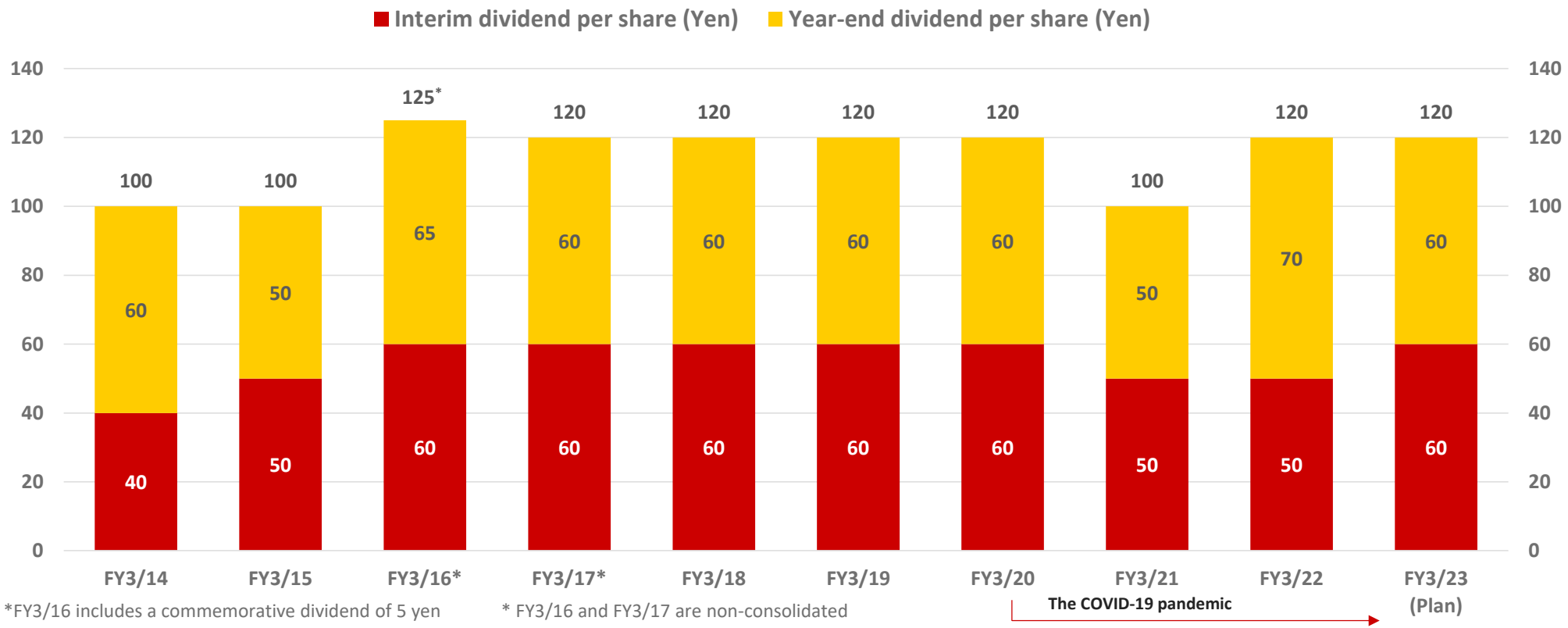
The number of people holding the 2022 version of the Gyoza Club membership card was 862 thousand as of March 31, 2022. (Distribution of this card ends on June 12.)



(10 thousand cards)

Shareholder Returns

Plan to maintain a stable dividend even during the pandemic as sales and earnings growth are expected in FY3/23.
Plan to pay 60 yen per share for the interim dividend and 60 yen per share for the year-end dividend as before COVID-19.



*FY3/16 includes a commemorative dividend of 5 yen

* FY3/16 and FY3/17 are non-consolidated

- **Forward-looking statements are based on goals and forecasts and are not promises or guarantees regarding business operations in the future.**
- **Actual results of operations may differ from these forward-looking statements.**

Inquiries

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