

# Financial Results (Consolidated) for Third Quarter of Fiscal Year Ending March 2016 (Japanese Accounting Standards)

February 9, 2016

Name of listed firm: **Zensho Holdings Co., Ltd.** Exchange: TSE  
 Code no.: 7550 URL: <http://www.zensho.co.jp/>  
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 Starting date of dividend payment (planned):  
 Date of submission of quarterly report (planned): February 9, 2016  
 Supplemental explanatory materials on consolidated financial results prepared? Y / ☐ N  
 Investors meeting held on settlement of accounts? Y / ☐ N

(Figures rounded down to the nearest million yen)

## 1. Consolidated financial performance in the third quarter of the fiscal year ending March 2016 (April 1 – December, 31, 2015)

(1) Consolidated business performance (cumulative) (Percentages [%] indicate year-on-year changes)

|             | Sales           |      | Operating profit |        | Ordinary profit |        | Profit attributable to owners of parent |   |
|-------------|-----------------|------|------------------|--------|-----------------|--------|---|---|
|             | Millions of yen | %    | Millions of yen  | %      | Millions of yen | %      | Millions of yen                         | % |
| Q3, FY 2016 | 396,650         | 3.5  | 9,042            | 528.6  | 8,674           | 361.3  | 3,336                                   | — |
| Q3, FY 2015 | 383,410         | 10.2 | 1,438            | (75.1) | 1,880           | (67.3) | (2,548)                                 | — |

Note: Comprehensive income: Q3, FY 2016: 2,873 million yen (504.9 %); Q3, FY 2015: 475 million yen (-78.6 %)

|             | Quarterly net profit per share | Quarterly diluted net profit per share |
|-------------|--------------------------------|--|
|             | yen                            | yen                                    |
| Q3, FY 2016 | 22.46                          | —                                      |
| Q3, FY 2015 | (17.15)                        | —                                      |

## (2) Consolidated financial position

|             | Total assets    | Net assets      | Capital adequacy ratio | Net assets per share |
|-------------|-----------------|-----------------|------------------------|----------------------|
|             | Millions of yen | Millions of yen | %                      | yen                  |
| Q3, FY 2016 | 281,789         | 75,897          | 22.1                   | 419.68               |
| FY 2015     | 289,467         | 74,233          | 21.0                   | 410.09               |

Reference: Equity capital: Q3, FY 2016: 62,353 million yen; FY 2015: 60,929 million yen

## 2. Dividend position

|                    | Annual dividends |           |           |          |       |
|--------------------|------------------|-----------|-----------|----------|-------|
|                    | End of Q1        | End of Q2 | End of Q3 | Year-end | Total |
|                    | yen              | yen       | yen       | yen      | yen   |
| FY 2015            | —                | 0.00      | —         | 0.00     | 0.00  |
| FY 2016            | —                | 4.00      | —         | —        | —     |
| FY 2016 (forecast) | —                | —         | —         | 4.00     | 8.00  |

Note: Change in most recently announced dividend forecasts? Y / ☐ N

## 3. Consolidated business performance forecasts for FY 2016 (April 1, 2015 – March 31, 2016)

(Percentages [%] indicate changes from the previous year.)

|           | Sales           |     | Operating profit |       | Ordinary profit |       | Profit attributable to owners of parent |   | Net profit per share |
|-----------|-----------------|-----|------------------|-------|-----------------|-------|---|---|----------------------|
|           | Millions of yen | %   | Millions of yen  | %     | Millions of yen | %     | Millions of yen                         | % | yen                  |
| Full year | 546,725         | 6.8 | 12,235           | 389.8 | 10,939          | 280.5 | 3,311                                   | — | 22.29                |

Note: Change in most recently announced business performance forecasts? Y / ☐ N

## Notes

(1) Important changes in subsidiaries (changes in specified subsidiaries resulting in change in scope of consolidation) during the cumulative period through the consolidated third quarter of this fiscal year: Y / ☐ N

(2) Special accounting policies applied in preparation of the quarterly consolidated financial results? Y / ☐ N

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies resulting in revisions of accounting standards: ☐ Y / ☐ N

(ii) Other changes in accounting policies: Y / ☐ N

(iii) Changes in accounting estimates: Y / ☐ N

(iv) Restatement Y / ☐ N

Note: For details, please see the section “2. Notes on Summary Information (Notes) (3) Changes in accounting policies, changes in accounting estimates, and restatement” on page 4 of the attached document.

(4) Shares issued and outstanding (common stock)

(i) Number of shares issued and outstanding (including treasury stock) at the end of the period

|             |             |        |             |             |        |
|-------------|-------------|--------|-------------|-------------|--------|
| Q3, FY 2016 | 148,600,000 | shares | FY 2015     | 148,600,000 | shares |
| Q3, FY 2016 | 24,039      | shares | FY 2015     | 23,823      | shares |
| Q3, FY 2016 | 148,576,106 | shares | Q3, FY 2015 | 148,576,300 | shares |

(ii) Number of shares of treasury stock at the end of the period

(iii) Average number of shares during the fiscal year (quarter cumulative)

## Notes on quarterly review procedures

These quarterly financial results are not subject to the procedures for the review of quarterly reports under the Financial Instruments and Exchange Act. Procedures for the review of quarterly consolidated financial statements had been completed before these financial results were released.

## Notes on appropriate use of forecasts of business performance and other notes

(Notes on forward-looking statements, etc.)

The forecast figures indicated above are projections based on the information available at the time they were prepared. They include some degree of uncertainty. Actual business performance and other results may differ from the forecast figures indicated above. See p. 3 of the Appendix for information on the above forecast figures.

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## 1. Qualitative Information on Quarterly Consolidated Business Performance, etc.

### (1) Qualitative information on quarterly consolidated business performance

During the consolidated cumulative third quarter of this fiscal year (April 1 – December, 31, 2015), the Japanese economy continued its gentle recovery with improvements in company profit and the employment environment. However, there remains the uncertainty over the future, due to the concerns about downturn of overseas economies, including the Chinese one, and other factors.

In the restaurant industry, recovery of personal consumption has been slow, and so the business environment remains stringent.

Under these circumstances, the sales of existing stores in the Gyudon category such as Sukiya, the Family Dining category such as Coco's and Jolly Pasta and the Fast Food Service category such as Hamasushi were 102.1% year-on-year, 98.6% year-on-year, and 99.7% year-on-year, respectively. Regarding the profit, despite the rise in ingredient prices including beef prices, there was an increase in profit compared to the same period of the previous year as the late-night store operations of the Gyudon chain, "Sukiya," have been resumed and other reasons.

At the end of the consolidated third quarter of this fiscal year, the Group's number of stores stood at 4,804 locations. Events contributing to this figure included the opening of 115 restaurants and the closing of 41 restaurants.

Consequently, the business performance in the consolidated cumulative third quarter of this fiscal year showed sales of 396,650 million yen (up 3.5% year-on-year), operating income of 9,042 million yen (up 528.6% year-on-year), ordinary income of 8,674 million yen (up 361.3% year-on-year), and profit attributable to owners of parent of 3,336 million yen (loss attributable to owners of parent of 2,548 million yen in the same period of the previous year).

An overview of conditions by business segment is provided below.

#### ① Restaurant business

The sales of the restaurant business in the consolidated cumulative third quarter of this fiscal year were 349,866 million yen (up 1.6% year-on-year), and operating income was 8,901 million yen (up 287.8% year-on-year).

The performance of the restaurant business for each major category is as follows.

#### **Gyudon category**

With the opening of 59 restaurants and the closing of 27 restaurants, the number of restaurants in the Gyudon category at the end of the consolidated third quarter of this fiscal year totaled at 2,613. This figure includes 1,972 outlets in the Sukiya chain and 472 outlets (including 16 franchised outlets) in Nakau chain.

Sukiya, a gyudon chain operated by Sukiya Co., Ltd., revised the recipe of Gyudon, increasing the amount of beef and onion, under the concept of "New Value," and changed its price from 291 yen (270 yen plus tax) to 350 yen (tax included) on April 15, 2015. In addition, Sukiya has made efforts to improve its performance by launching new and seasonal dishes, including "Chicken and colorful vegetable curry" (regular size: 580 yen (tax included)) and "Gyu-sukinabe-teishoku (beef sukiyaki pot set meal)" (regular size: 680 yen (tax included)), and implementing the campaign titled "Autumn Meet Festival (discounting 60 yen from the gyudon price)" to promote more customers to enjoy the gyudon with "New Value." Sukiya is striving to strengthen quality controls and improve its service to allow customers to continue to enjoy safe and delicious products.

Nakau, rice bowl dishes and Kyoto-style udon noodle chain operated by Nakau Co., Ltd., sought to improve business performance by undertaking various sales promotions while strengthening the attraction of its products by introducing new and seasonal products and improving existing products.

Due to these efforts, sales in the Gyudon category in the consolidated cumulative third quarter of this fiscal year totaled 141,066 million yen (up 7.4% year-on-year).

#### **Family Dining category**

With the opening of 5 restaurants and the closing of 1 restaurant, the number of restaurant locations in the Family Dining category stood at 1,369 outlets (including 77 franchised outlets) at the end of the consolidated third quarter of this fiscal year.

Coco's, the standard restaurant chain operated by Coco's Japan Co., Ltd., sought to strengthen business performance through adding high-value-added fair menus which are tailored to customers' needs and enhancing service standards of the restaurants.

The Big Boy, the chain of hamburg steak and grill restaurants and other chain operated by Big Boy Japan Inc. sought to improve business performance in various ways, such as improving their main products, enhancing salad bar and soup bar, and adding special menus.

Jolly Pasta, the pasta specialty restaurant chain, operated by Jolly Pasta Co., Ltd., sought to make its menus even more delicious by enriching menus and introducing new dishes using seasonal ingredients. Jolly Pasta

have pursued the chain's identity as a pasta specialist, under the slogan “When you want pasta, it’s Jolly Pasta”.

To increase customer satisfaction, Hanaya Yohei, the Japanese-cuisine restaurant chain operated by Hanaya Yohei Co., Ltd. targeted various improvements, including improving service by strengthening training of in-store employees, improving labor productivity, and developing products that use seasonal ingredients.

As for the restaurant business in the U.S., all shares of the company operating this business were transferred at the end of the previous consolidated fiscal year.

Due to these efforts, sales in the Family Dining category in the consolidated cumulative third quarter of this fiscal year totaled 99,170 million yen. (down 13.0% year-on-year)

#### **Fast Food Service category**

With the opening of 51 restaurants and the closing of 10 restaurants, the number of restaurant locations in the Fast Food Service category at the end of the consolidated third quarter of this fiscal year stood at 723 outlets.

“Hamasushi”, kaiten-sushi restaurants (sushi restaurants with conveying belts) operated by Hamazushi Co., Ltd., sought to expand their businesses by increasing the number of restaurants, enhancing quality of products and strengthening services at the restaurants.

Due to these efforts, sales in the Fast Food Service category in the consolidated cumulative third quarter of this fiscal year totaled 88,640 million yen (up 13.1% year-on-year).

#### **Other category**

Sales in the Other category in the consolidated cumulative third quarter of this fiscal year totaled 20,989 million yen (up 1.4% year-on-year).

Main businesses in this category include Tolona Japan Co., Inc., which sells frozen pizza, etc.; Global Fresh Supply Co., Ltd., a company which handles logistics functions for the Zensho Group; and Global Table Supply Co., Ltd., which procures uniforms, equipments etc.

#### **② Retail business**

Sales in retail business in the consolidated cumulative third quarter of this fiscal year were 46,783 million yen (up 20.0% year-on-year) and operating income was 141 million yen (operating loss of 902 million yen in the same period of the previous year).

The retail business of our company is operated by Maruya Co., Ltd., Maruei Co., Ltd., and VERY FOODS - owariya-, which operates the supermarket business, and United Veggies Co., Inc., which sells fruits and vegetables.

### **(2) Information on consolidated financial position**

#### **(Assets)**

At the end of the consolidated third quarter of this fiscal year, the assets decreased by 7,678 million yen from the end of the previous consolidated fiscal year to 281,789 million yen, mainly due to the decrease in cash and deposits resulting from the repayment of borrowings.

#### **(Liabilities)**

At the end of the consolidated third quarter of this fiscal year, liabilities decreased by 9,342 million yen from the end of the previous consolidated fiscal year to 205,891 million yen, mainly due to the decrease in borrowings and consumption tax payable.

#### **(Net assets)**

At the end of the consolidated third quarter of this fiscal year, net assets increased by 1,664 million yen from the end of the previous consolidated fiscal year to 75,897 million yen, mainly due to the increase in retained earnings.

### **(3) Qualitative information on forecasts of consolidated business performance**

There are no revisions to the earnings forecast for the fiscal year ending Mar. 2016 (Apr. 1, 2015–Mar. 31, 2016), which was announced on May 12, 2015.

## 2. Notes on Summary Information (Notes)

(1) Important transfers in subsidiaries during the consolidated cumulative third quarter of this fiscal year  
None

(2) Special accounting policies applied in preparation of the quarterly consolidated financial statements  
None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

Changes in accounting policies

(Application of the Accounting Standard for Business Combination)

The “Accounting Standard for Business Combination” (ASBJ Statement No. 21, September 13, 2013, hereinafter referred to as the “Business Combination Accounting Standard.”), the “Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013, hereinafter referred to as the “Consolidated Accounting Standard.”) and the “Accounting Standard for Business Divestitures,” (ASBJ Statement No. 7, September 13, 2013, hereinafter referred to as the “Business Divestitures Accounting Standard.”) shall be applied from the consolidated first quarter of this fiscal year. In the case that ownership were to be continued, our company shall post the change in our equity on the subsidiary as capital surplus, and record acquisition-related cost as the expense for the fiscal year in which it emerged. As for the business combination after the beginning of the first quarter of this consolidated fiscal year, we shifted to the method of reflecting the revision to the allocated amount of acquisition cost based on provisional accounting settlement in the quarterly consolidated financial statements for the period including the business combination. In addition, we changed the indication of quarterly net profit, etc. and shifted from minority interest to non-controlling interest. In order to reflect these revisions, quarterly and annual consolidated financial statements for the previous third quarter and the previous consolidated financial year have been reproduced.

As for the application of the Business Combination Accounting Standard, etc., we follow the provisions for transitional handling specified in the Business Combination Accounting Standard No. 58, Section 2 (4), the Consolidated Accounting Standard No. 44, Section 5 (4) and the Business Divestiture Accounting Standard No. 57, Section 4 (4), from the onset of this first consolidated accounting quarter to the future.

As a result of this, there is a slight influence on the operating and ordinary incomes, quarterly net income before taxes, etc. for the third quarter of this consolidated fiscal year, and capital surplus as of the end of the third quarter of this consolidated fiscal year.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly consolidated balance sheet

(Units: Millions of yen)

|                                       | Previous consolidated<br>fiscal year<br>(March 31, 2015) | Consolidated third quarter of<br>this fiscal year<br>(December, 31, 2015) |
|---------------------------------------|--|---|
| Assets                                |  |   |
| Current assets                        |  |   |
| Cash and deposits                     | 29,428   | 20,565  |
| Notes and accounts receivable – trade | 4,837  | 6,594   |
| Merchandise and products              | 19,171   | 17,936  |
| In-process inventories                | 571  | 555   |
| Raw materials and supplies            | 3,457  | 4,782   |
| Other receivables                     | 15,187   | 17,746  |
| Allowance for doubtful accounts       | (8)  | (12)  |
| Total current assets                  | 72,645   | 68,168  |
| Noncurrent assets                     |  |   |
| Property, plant and equipment         |  |   |
| Buildings and structures              | 165,755  | 169,518   |
| Accumulated depreciation              | (87,732)   | (91,904)  |
| Buildings and structures (net)        | 78,023   | 77,614  |
| Machinery and vehicles                | 10,222   | 11,475  |
| Accumulated depreciation              | (5,188)  | (5,842)   |
| Machinery and vehicles (net)          | 5,034  | 5,633   |
| Other                                 | 84,090   | 88,284  |
| Accumulated depreciation              | (40,392)   | (43,373)  |
| Other (net)                           | 43,697   | 44,910  |
| Total property, plant, and equipment  | 126,755  | 128,158   |
| Intangible assets                     |  |   |
| Goodwill                              | 14,135   | 13,543  |
| Other                                 | 3,034  | 2,981   |
| Total intangible assets               | 17,170   | 16,525  |
| Investments and other assets          |  |   |
| Investment securities                 | 2,500  | 1,834   |
| Guarantee deposits                    | 33,647   | 33,578  |
| Other                                 | 36,610   | 33,443  |
| Allowance for doubtful accounts       | (18)   | (18)  |
| Total investments and other assets    | 72,739   | 68,837  |
| Total noncurrent assets               | 216,664  | 213,520   |
| Deferred assets                       | 157  | 100   |
| Total assets                          | 289,467  | 281,789   |

(Units: Millions of yen)

|  | Previous consolidated<br>fiscal year<br>(March 31, 2015) | Consolidated third quarter of<br>this fiscal year<br>(December, 31, 2015) |
|--|--|---|
| Liabilities                                  |  |   |
| Current liabilities                          |  |   |
| Notes and accounts payable – trade           | 15,877   | 19,646  |
| Short-term loans payable                     | 9,214  | 984   |
| Current portion of bonds                     | 5,490  | 5,420   |
| Current portion of long-term loans payable   | 32,791   | 32,748  |
| Accrued income taxes                         | 2,179  | 980   |
| Reserves                                     | 1,368  | 708   |
| Other  | 32,092   | 27,592  |
| Total current liabilities                    | 99,014   | 88,080  |
| Noncurrent liabilities                       |  |   |
| Corporate bonds                              | 13,255   | 9,480   |
| Long-term loans payable                      | 88,432   | 93,195  |
| Net defined benefit liability                | 715  | 663   |
| Asset retirement obligations                 | 1,839  | 1,864   |
| Other  | 11,976   | 12,607  |
| Total noncurrent liabilities                 | 116,219  | 117,810   |
| Total liabilities                            | 215,233  | 205,891   |
| Net assets                                   |  |   |
| Shareholders' equity                         |  |   |
| Capital stock                                | 23,470   | 23,470  |
| Capital surplus                              | 24,023   | 24,034  |
| Retained earnings                            | 12,469   | 14,976  |
| Treasury stock                               | (21)   | (21)  |
| Total shareholders' equity                   | 59,941   | 62,459  |
| Accumulated other comprehensive income       |  |   |
| Net unrealized holding gains on securities   | (306)  | (197)   |
| Deferred hedging gains/losses                | 261  | (254)   |
| Remeasurements of defined benefit plans      | (9)  | (9)   |
| Foreign currency translation adjustments     | 1,041  | 355   |
| Total accumulated other comprehensive income | 987  | (106)   |
| Non-controlling interests                    | 13,304   | 13,543  |
| Total net assets                             | 74,233   | 75,897  |
| Total liabilities and net assets             | 289,467  | 281,789   |



(2) Quarterly consolidated statement of profit and loss and consolidated statement of comprehensive income  
(Quarterly consolidated statement of profit and loss)  
(Cumulative period through the consolidated third quarter of this fiscal year)

(Units: Millions of yen)

|  | Cumulative period through the<br>consolidated third quarter of the<br>previous fiscal year<br>(April 1 – December, 31, 2014) | Cumulative period through the<br>consolidated third quarter of this<br>fiscal year<br>(April 1 – December, 31, 2015) |
|--|--|--|
| Sales  | 383,410  | 396,650  |
| Cost of sales                                      | 165,046  | 173,043  |
| Gross profit                                       | 218,363  | 223,607  |
| Sales and general administrative expenses          | 216,925  | 214,564  |
| Operating profit                                   | 1,438  | 9,042  |
| Non-operating income                               |  |  |
| Interest income                                    | 309  | 307  |
| Dividend income                                    | 48   | 5  |
| Lease income                                       | 272  | 191  |
| Foreign exchange gains                             | 1,292  | 204  |
| Other  | 283  | 426  |
| Total non-operating income                         | 2,207  | 1,136  |
| Non-operating expenses                             |  |  |
| Interest expenses                                  | 1,181  | 987  |
| Lease expenses                                     | 199  | 124  |
| Other  | 384  | 392  |
| Total non-operating expenses                       | 1,765  | 1,504  |
| Ordinary profit                                    | 1,880  | 8,674  |
| Extraordinary income                               |  |  |
| Gains on sale of noncurrent assets                 | 192  | 0  |
| Gain on sales of investment securities             | 54   | 0  |
| Compensation                                       | 8  | 28   |
| Gain on liquidation of subsidiaries                | —  | 285  |
| Insurance income                                   | —  | 130  |
| Other  | 27   | 35   |
| Total extraordinary income                         | 282  | 481  |
| Extraordinary losses                               |  |  |
| Loss on retirement of noncurrent assets            | 686  | 551  |
| Impairment loss                                    | 368  | 6  |
| Loss on closing of stores                          | 370  | 181  |
| Other  | 679  | 382  |
| Total extraordinary losses                         | 2,105  | 1,122  |
| Net profit before income taxes                     | 57   | 8,032  |
| Corporate, residence and enterprise taxes          | 2,627  | 2,236  |
| Income taxes – deferred                            | (634)  | 1,816  |
| Total corporate taxes                              | 1,992  | 4,052  |
| Net profit (loss) before non-controlling interests | (1,935)  | 3,979  |
| Profit attributable to non-controlling interests   | 612  | 643  |
| Net profit (loss) attributable to owners of parent | (2,548)  | 3,336  |

## (Quarterly consolidated statement of comprehensive income)

(Cumulative period through the consolidated third quarter of this fiscal year)

(Units: Millions of yen)

|  | Cumulative period through the<br>consolidated third quarter of the<br>previous fiscal year<br>(April 1 – December, 31, 2014) | Cumulative period through the<br>consolidated third quarter of this<br>fiscal year<br>(April 1 – December, 31, 2015) |
|--|--|--|
| Net profit (loss) before non-controlling interests             | (1,935)  | 3,979  |
| Other comprehensive income                                     |  |  |
| Valuation difference on available-for-sale securities          | 505  | 108  |
| Deferred hedging gains/losses                                  | 1,237  | (516)  |
| Remeasurements of defined benefit plans                        | (0)  | 0  |
| Foreign currency translation adjustments                       | 668  | (698)  |
| Total other comprehensive income                               | 2,410  | (1,106)  |
| Comprehensive income   | 475  | 2,873  |
| (Breakdown)  |  |  |
| Comprehensive income attributable to owners of parent          | (188)  | 2,243  |
| Comprehensive income attributable to non-controlling interests | 663  | 629  |

(3) Notes on consolidated financial statements

(Notes on going concern assumption)

Not applicable

(Notes on significant changes in the amount of shareholders' equity (if any))

Not applicable

(Segment information)

[Segment information]

I. Cumulative period through the consolidated third quarter of the previous fiscal year (April 1 – December, 31, 2014)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Units: Millions of yen)

|  | Reportable segment  |                 | Total   | Adjustment Amount*1 | Consolidated balance sheet amount*2 |
|--|---------------------|-----------------|---------|---------------------|-------------------------------------|
|  | Restaurant business | Retail business |         |                     |                                     |
| Net Sales                                    |                     |                 |         |                     |                                     |
| (1) Sales to external customers              | 344,426             | 38,984          | 383,410 | —                   | 383,410                             |
| (2) Intersegment sales or transferred amount | 1,309               | 24              | 1,333   | (1,333)             | —                                   |
| Total  | 345,735             | 39,008          | 384,744 | (1,333)             | 383,410                             |
| Segment income (loss)                        | 2,295               | (902)           | 1,393   | 45                  | 1,438                               |

Note: 1. Adjustment amount of segment income (loss) of ¥45 million are mainly elimination of intersegment transactions

2. The total amount of segment income (loss) is adjusted with the operating income in the quarterly consolidated statement of profit and loss.

3. Intersegment sales or transferred amount are calculated based on current market price.

2. Reportable segment information concerning impairment losses or goodwill amortization

(Important impairment loss related to noncurrent assets)

With regard to the “Restaurant business” segment, we posted the impairment loss of restaurant assets. The amount of the impairment loss comes to 368 million yen for the third quarter of this consolidated fiscal year.

(Important fluctuation in goodwill amount)

Not applicable

(Important negative goodwill profit)

Not applicable

II. Cumulative period through the consolidated third quarter of this fiscal year (April 1 – December, 31, 2015)

1. Information on sales, profits or losses, assets, liabilities, and other items for each segment

(Units: Millions of yen)

|  | Reportable segment  |                 | Total   | Adjustment Amount*1 | Consolidated balance sheet amount*2 |
|--|---------------------|-----------------|---------|---------------------|-------------------------------------|
|  | Restaurant business | Retail business |         |                     |                                     |
| Net Sales                                    |                     |                 |         |                     |                                     |
| (1) Sales to external customers              | 349,866             | 46,783          | 396,650 | —                   | 396,650                             |
| (2) Intersegment sales or transferred amount | 1,532               | 87              | 1,619   | (1,619)             | —                                   |
| Total  | 351,399             | 46,870          | 398,270 | (1,619)             | 396,650                             |
| Segment income                               | 8,901               | 141             | 9,042   | (0)                 | 9,042                               |

Note: 1. Adjustment amount of segment income of -¥0 million are mainly elimination of intersegment transactions

2. The total amount of segment income is adjusted with the operating income in the quarterly consolidated statement of profit and loss.

3. Intersegment sales or transferred amount are calculated based on current market price.

2. Reportable segment information concerning impairment losses or goodwill amortization

(Important impairment loss related to noncurrent assets)

With regard to the “Retail business” segment, we posted the impairment loss of store assets. The amount of the impairment loss comes to 6 million yen for the third quarter of this consolidated fiscal year.

(Important fluctuation in goodwill amount)

Not applicable

(Important negative goodwill profit)

Not applicable