



Financial Results (Consolidated) for Fiscal Year Ended March 2017 **(Japanese accounting standards)**

May 11, 2017

Name of listed firm: **Zensho Holdings Co., Ltd.** Exchange: TSE
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 and Accounting Division
 Date of annual general meeting of shareholders (planned): June 29, 2017
 Starting date of dividend payment (planned): June 30, 2017
 Date of submittal of securities report (planned): June 30, 2017
 Supplemental materials on consolidated financial results prepared? ☐ Y / N
 Investors meeting held on settlement of accounts? ☐ Y / N (for institutional investors)

(Figures rounded down to the nearest million yen)

1. Consolidated financial performance in the fiscal year ended March 2017 (April 1, 2016 – March 31, 2017)

(1) Consolidated business performance (Percentages [%] indicate changes from the previous year)

	Sales		Operating profit		Ordinary profit		Net profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
FY 2017	544,028	3.5	18,775	55.0	18,061	58.7	8,443	109.7
FY 2016	525,709	2.7	12,113	384.9	11,380	295.8	4,026	—

(Reference) Comprehensive income FY 2017: 11,337 million yen (457.0%) FY 2016: 2,035 million yen (—%)

	Net profit per share	Net profit per share— assuming dilution	Return on equity (ROE)	Return on assets (ROA)	Operating profit ratio
	yen	yen	%	%	%
FY 2017	56.87	—	13.0	6.4	3.5
FY 2016	27.09	—	6.6	4.0	2.3

(Reference) Gain/loss on equity-method investments FY 2017: — million yen FY 2016: — million yen

(2) Consolidated financial position

	Total assets	Net assets	Capital adequacy ratio	Net assets per share
	Millions of yen	Millions of yen	%	yen
FY 2017	288,999	82,107	23.5	458.07
FY 2016	278,340	75,060	22.2	412.18

(Reference) Equity capital FY 2017: 67,905 million yen FY 2016: 61,668 million yen

(3) Consolidated cash-flow position

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
FY 2017	37,049	(26,193)	(9,403)	22,274
FY 2016	25,455	(20,814)	(13,138)	20,925

2. Dividend position

	Annual dividends per share					Total dividend amounts (full-year)	Payout ratio (consolidated)	Dividend on equity ratio (consolidated)
	End of Q1	End of Q2	End of Q3	Year-end	Total			
	yen	yen	yen	yen	yen	Millions of yen	%	%
FY 2016	—	4.00	—	5.00	9.00	1,342	33.2	2.2
FY 2017	—	9.00	—	9.00	18.00	2,668	31.7	4.1
FY 2018 (forecast)	—	9.00	—	9.00	18.00		27.7	

3. Consolidated business performance forecasts for FY 2018 (April 1, 2017 – March 31, 2018)

(Percentages [%] indicate changes from the previous year for annual figures and year-on-year changes for quarterly figures.)

	Sales		Operating profit		Ordinary profit		Net profit		Net profit per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	yen
Q2 (cumulative)	297,369	10.7	12,068	13.3	11,498	14.9	6,359	29.3	42.83
Full year	595,180	9.4	21,692	15.5	20,676	14.5	9,660	14.4	65.06

Notes

- (1) Important changes in subsidiaries (changes in specified subsidiaries involving changes in scope of consolidation) during this fiscal year

Y / ☐ N

New: _____ company(ies); name: _____ Removed: _____ company(ies); name: _____

- (2) Changes in accounting policies, changes in accounting estimates, corrections

(i) Changes in accounting policies involving revisions of accounting standards:

Y / ☐ N

(ii) Other changes in accounting policies:

Y / ☐ N

(iii) Change in accounting estimates:

Y / ☐ N

(iv) Corrections

Y / ☐ N

- (3) Shares issued and outstanding (common stock)

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

FY 2017	149,640,445 shares	FY 2016	149,640,445 shares
FY 2017	1,396,423 shares	FY 2016	23,991 shares
FY 2017	148,477,405 shares	FY 2016	148,618,714 shares

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

(iii) Average number of shares during the fiscal year

Note: See "Per-share information" on p. 15 concerning the number of shares on which calculations of net profit per share (consolidated) are based.

* Summary of financial results is out of scope of audit.

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

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. 4 of the Appendix for information on the above forecast figures.

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1. Business performance overview

(1) Business performance overview for current term

In this consolidated fiscal year (from Apr. 1, 2016 to Mar. 31, 2017), the Japanese economy saw a gradual recovery due mainly to improvements in corporate earnings and employment situation, but the future outlook remained unclear, because of the growing uncertainties over the global economy, including the trends of the economies of the U.S., emerging Asian countries, and Europe.

In the restaurant industry, the business environment remains stringent, reflecting deterioration in the balance between the demand and supply of labor and slowdown in personal consumption.

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 102.3% year-on-year, 98.0% year-on-year, and 98.8% year-on-year, respectively. Regarding the profit, there was an increase in profit compared to the same period of the previous year, mainly due to the drop in ingredient prices including beef prices and energy costs.

At the end of this consolidated fiscal year, the Group's number of stores stood at 4,881 locations. Events contributing to this figure included the opening of 170 restaurants, the closing of 85 restaurants, the addition of 34 restaurants through the acquisition of the shares of Fujita Corporation, and the exclusion of 65 restaurants by the sales of all shares of Yamato Foods Co., Ltd., etc.

Consequently, the business performance in this consolidated fiscal year showed sales of 544,028 million yen (up 3.5% year-on-year), operating income of 18,775 million yen (up 55.0% year-on-year), ordinary income of 18,061 million yen (up 58.7% year-on-year), and profit attributable to owners of parent of 8,443 million yen (up 109.7% year-on-year).

An overview of conditions by business segment is provided below.

① Restaurant business

The sales of the restaurant business in this consolidated fiscal year were 474,464 million yen (up 2.2% year-on-year), and operating income was 17,755 million yen (up 48.2% year-on-year).

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

Gyudon category

With the opening of 99 restaurants and the closing of 35 restaurants, the number of restaurants in the Gyudon category at the end of this consolidated fiscal year totaled at 2,681. This figure includes 1,963 outlets in the Sukiya chain and 461 outlets (including 13 franchised outlets) in Nakau chain.

Sukiya, a gyudon chain operated by Sukiya Co., Ltd., has made efforts to improve its product competitiveness, by releasing "Maguro Namero Don (rice bowl topped with finely chopped tuna and miso) (regular size: 650 yen [tax included])," whose theme is "Healthy at Sukiya: Let's be healthy by having quality and well-balanced meals at Sukiya," "Breakfast with bacon and asparagus (regular size: 350 yen [tax included])" and "Negi-kimchi Gyudon (rice bowl topped with beef, green onion and kimchi) (regular size: 470 yen [tax included])," etc., in order to meet the various needs of customers. In addition, Sukiya released "WAGYU Beef Boxed Lunch (1,080 yen [tax included])" as Sukiya received "Brand of the Year" for the first time among restaurant brands in Japan at World Branding Awards, which commends excellent brands around the world.

The company will pursue the development of restaurants that will be loved by customers, and strive to improve the level of restaurants and manage quality so that customers can enjoy delicious dishes without worry.

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 this consolidated fiscal year totaled 194,393 million yen (up 4.0% year-on-year).

Family Dining category

With the opening of 19 restaurants and the closing of 24 restaurants, the number of restaurant locations in the Family Dining category stood at 1,362 outlets (including 78 franchised outlets) at the end of this consolidated fiscal year.

Coco's, the standard restaurant chain operated by Coco's Japan Co., Ltd., has made efforts to improve its business performance, by enriching the menu, introducing dainty campaign menus, and improving the standard of service across the chain.

Big Boy, the chain of hamburger 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.

Due to these efforts, sales in the Family Dining category in this consolidated fiscal year totaled 129,523 million yen. (down 1.3% year-on-year)

Fast Food Service category

With the opening of 48 restaurants, the closing of 22 restaurants and the exclusion of 65 restaurants by the sales of all shares of Yamato Foods Co., Ltd., etc., the number of restaurant locations in the Fast Food Service category at the end of this consolidated fiscal year stood at 706 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 this consolidated fiscal year totaled 122,606 million yen (up 3.3% year-on-year).

Other category

Sales in the Other category in this consolidated fiscal year totaled 27,940 million yen (up 1.9% 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 this consolidated fiscal year were 69,563 million yen (up 13.2% year-on-year) and operating income was 1,019 million yen (up 659.6% year-on-year).

The retail business of our company in this consolidated fiscal year includes Maruya Co., Ltd., Maruei Co., Ltd., VERY FOODS - Owariya -, and Fujita Corporation, which operates the supermarket business, and United Veggies Co., Inc., which sells fruit and vegetables. Zensho Holdings acquired the shares of Fujita Corporation, which operates food supermarkets and prepared food shops, on November 21, 2016 and made it into a subsidiary (a second-tier subsidiary of Zensho Holdings) on December 1, 2016.

(2) Financial position overview for current term

(i) Position of assets, liabilities, and net assets

(Assets)

At the end of this consolidated fiscal year, the assets increased by 10,658 million yen from the end of the previous consolidated fiscal year to 288,999 million yen, mainly due to the increases in cash, property, plant and equipment, such as buildings, goodwill, etc. through the acquisition of the shares of Fujita Corporation.

(Liabilities)

At the end of this consolidated fiscal year, liabilities increased by 3,610 million yen from the end of the previous consolidated fiscal year to 206,891 million yen, mainly due to the increases in accounts payable, accrued income tax, etc. through the acquisition of the shares of Fujita Corporation.

(Net assets)

At the end of this consolidated fiscal year, net assets increased by 7,047 million yen from the end of the previous consolidated fiscal year to 82,107 million yen, mainly due to the increase in retained earnings.

(3) Cash flow overview for current term

	Amount
Beginning balance in cash and cash equivalents	20,925 million yen
Operating cash flow	37,049 million yen
Investing cash flow	(26,193 million yen)
Financing cash flow	(9,403 million yen)
Ending balance in cash and cash equivalents	22,274 million yen
(Reference) Free cash flow	10,855 million yen

Cash and cash equivalents (“funds” hereinafter) increased by 1,349 million yen from the beginning of this consolidated fiscal year and totaled 22,274 million yen at the end of this consolidated fiscal year. This was due to the increase in funds by posting of net profit before taxes and other adjustments and depreciation and amortization, despite the expenses for opening new stores, the repayment of debts, the payment of interests, corporate income tax, dividends, etc.

(Cash flow from operating activities)

Cash flow from operating activities resulted in an increase in funds of 37,049 million yen. This was mainly due to the posting of net profit before taxes and other adjustments and depreciation and amortization.

(Cash flow from investing activities)

Cash flow from investing activities resulted in a decrease in funds of 26,193 million yen. This was mainly due to expenditures on acquisition of property, plant and equipment to open new restaurants and acquisition of the shares of Fujita Corporation.

(Cash flow from financing activities)

Cash flow from financing activities resulted in a decrease in funds of 9,403 million yen. This was mainly due to the repayment of debts and lease obligations, the payment of dividends, etc.

(4) Future outlook

As for the outlook for the next term, although it is expected that gradual economic recovery trend will continue, there will be continuing uncertainty with concerns such as deterioration in the balance between the demand and supply of labor and downturn in consumer confidence.

Given these conditions, as an enterprise providing safe, delicious food at reasonable cost to people all around the world, the Zensho Group will continue to strengthen the brands within each of its business types. Efforts targeting this goal include the pursuit of food safety, improvements in the quality of restaurants, and the development of a comfortable working environment for employees. In pursuit of group synergies, the Zensho Group will also seek to achieve sustained improvements in product quality and cost through a mass-merchandising system (MMD), through which it implements integrated design and management of activities ranging from procurement of food materials through production, logistics, and in-store sales.

The Group projects the following full-year business performance figures: 595,180 million yen in net sales (up 9.4% from the previous year); 21,692 million yen in operating income (up 15.5% from the previous year); 20,676 million yen in ordinary income (up 14.5% from the previous year); and 9,660 million yen in profit attributable to owners of parent (up 14.4% from the previous year).

2. Basic policy on selection of accounting standards

Most stakeholders of our corporate groups are shareholders, creditors, business partners, et al. in Japan. Accordingly, the Japanese accounting standards have been adopted.

3. Consolidated financial statements and major notes

(1) Consolidated balance sheet

(Units: Millions of yen)

	FY ended (March 31, 2016)	FY (March 31, 2017)
Assets		
Current assets		
Cash and deposits	20,925	22,274
Notes and accounts receivable – trade	5,443	6,399
Merchandise and products	17,988	18,471
In-process inventories	515	752
Raw materials and supplies	3,808	4,355
Deferred income taxes	3,485	3,561
Other receivables	12,523	12,646
Allowance for doubtful accounts	(16)	(11)
Total current assets	64,675	68,450
Noncurrent assets		
Property, plant, and equipment		
Buildings and structures	170,269	181,641
Accumulated depreciation	(93,982)	(102,276)
Buildings and structures (net)	76,286	79,364
Machinery and vehicles	12,830	12,755
Accumulated depreciation	(6,371)	(6,772)
Machinery and vehicles (net)	6,459	5,982
Tools, appliances, and fixtures	53,995	54,177
Accumulated depreciation	(36,170)	(37,513)
Tools, appliances, and fixtures (net)	17,824	16,663
Land	15,676	17,438
Lease assets	17,360	17,957
Accumulated depreciation	(8,661)	(8,088)
Lease assets (net)	8,698	9,869
Construction in progress	2,495	675
Total property, plant, and equipment	127,440	129,993
Intangible assets		
Goodwill	13,199	18,928
Other	2,998	2,971
Total intangible assets	16,197	21,899
Investments and other assets		
Investment securities	1,848	3,570
Guarantee deposits	33,511	33,116
Long-term loans receivable	144	412
Long-term prepaid rents	21,918	19,975
Deferred income taxes	9,016	8,003
Other	3,519	3,496
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	69,946	68,561
Total noncurrent assets	213,583	220,454
Deferred assets		
Stock issuance expenses	40	—
Bond issuance expenses	40	93
Total deferred assets	81	93
Total assets	278,340	288,999

(Units: Millions of yen)

	FY ended (March 31, 2016)	FY (March 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	16,548	19,046
Short-term loans payable	3,870	2,662
Current portion of bonds	9,750	4,925
Current portion of long-term loans payable	33,207	43,485
Lease obligations	1,683	1,687
Accrued income taxes	1,849	2,491
Allowance for bonuses	1,587	1,869
Other	25,775	26,647
Total current liabilities	94,271	102,815
Noncurrent liabilities		
Corporate bonds	3,505	10,580
Long-term loans payable	89,467	75,492
Lease obligations	7,963	9,290
Net defined benefit liability	748	570
Asset retirement obligations	2,109	2,396
Other	5,215	5,745
Total noncurrent liabilities	109,008	104,075
Total liabilities	203,280	206,891
Net assets		
Shareholders' equity		
Capital stock	23,470	23,470
Capital surplus	24,261	24,261
Retained earnings	15,697	21,967
Treasury stock	(21)	(2,021)
Total shareholders' equity	63,408	67,677
Accumulated other comprehensive income		
Net unrealized holding gains on securities	(283)	541
Deferred hedging gains/losses	(1,209)	51
Remeasurements of defined benefit plans	(63)	(36)
Foreign currency translation adjustments	(184)	(327)
Total accumulated other comprehensive income	(1,740)	227
Non-controlling interests	13,391	14,202
Total net assets	75,060	82,107
Total liabilities and net assets	278,340	288,999

(2) Consolidated statement of profit and loss and consolidated statement of comprehensive income
(Consolidated statement of profit and loss)

(Units: Millions of yen)

	FY ended (April 1, 2015 – March 31, 2016)	FY (April 1, 2016 – March 31, 2017)
Sales	525,709	544,028
Cost of sales	228,015	231,850
Gross profit	297,693	312,177
Sales and general administrative expenses	285,580	293,401
Operating income	12,113	18,775
Non-operating income		
Interest income	402	424
Dividend income	6	6
Lease income	257	218
Other	714	813
Total non-operating income	1,381	1,461
Non-operating expenses		
Interest expenses	1,296	1,058
Lease expenses	161	140
Foreign exchange losses	—	224
Amortization of long-term prepaid expenses	201	291
Other	454	460
Total non-operating expenses	2,114	2,175
Ordinary profit	11,380	18,061
Extraordinary income		
Gains on sale of noncurrent assets	0	18
Compensation income for expropriation	98	48
Compensation income	5	246
Other	434	6
Total extraordinary income	539	319
Extraordinary losses		
Loss on sales of non-current assets	1	1
Loss on retirement of noncurrent assets	802	1,241
Impairment losses	907	820
Other	802	1,020
Total extraordinary losses	2,513	3,083
Net profit before income taxes	9,405	15,297
Corporate, residence, and enterprise taxes	3,062	3,881
Income taxes – deferred	1,557	2,043
Total corporate taxes	4,620	5,924
Net profit before non-controlling interests	4,785	9,372
Profit attributable to non-controlling interests	758	929
Net profit attributable to owners of parent	4,026	8,443

(Consolidated statement of comprehensive income)

(Units: Millions of yen)

	FY ended (April 1, 2015 – March 31, 2016)	FY (April 1, 2016 – March 31, 2017)
Net profit before non-controlling interests	4,785	9,372
Other comprehensive income		
Valuation difference on available-for-sale securities	20	818
Deferred hedging gains/losses	(1,471)	1,260
Remeasurements of defined benefit plans	(53)	26
Foreign currency translation adjustments	(1,245)	(140)
Total other comprehensive income	(2,749)	1,964
Comprehensive income	2,035	11,337
(Breakdown)		
Comprehensive income attributable to owners of parent	1,299	10,409
Comprehensive income attributable to non-controlling interests	736	928

(3) Consolidated statement of changes in shareholders' equity

Previous consolidated fiscal year (April 1, 2015 – March 31, 2016)

(Units: Millions of yen)

	Shareholder's Equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	Total Shareholder's Equity
Beginning balance	23,470	24,023	12,469	(21)	59,941
Change during this fiscal year					
Increase by share exchanges		227			227
Dividends declared			(594)		(594)
Net profit attributable to owners of parent			4,026		4,026
Acquisition of treasury stock				(0)	(0)
Disposal of treasury stock		0		0	0
Change of scope of consolidation			(203)		(203)
Purchase of shares of consolidated subsidiaries		10			10
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Change during this fiscal year (net) in accounts other than shareholders' equity					
Total change during this fiscal year	—	238	3,228	(0)	3,466
Ending balance	23,470	24,261	15,697	(21)	63,408

	Accumulated other comprehensive income/(loss)					Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred hedging gains/losses	Remeasurements of defined benefit plans	Foreign currency translation adjustments	Total other comprehensive income		
Beginning balance	(306)	261	(9)	1,041	987	13,304	74,233
Change during this fiscal year							
Increase by share exchanges							227
Dividends declared							(594)
Net profit attributable to owners of parent							4,026
Acquisition of treasury stock							(0)
Disposal of treasury stock							0
Change of scope of consolidation							(203)
Purchase of shares of consolidated subsidiaries							10
Change in treasury shares of parent arising from transactions with non-controlling shareholders							0
Change during this fiscal year (net) in accounts other than shareholders' equity	22	(1,471)	(53)	(1,225)	(2,727)	87	(2,640)
Total change during this fiscal year	22	(1,471)	(53)	(1,225)	(2,727)	87	826
Ending balance	(283)	(1,209)	(63)	(184)	(1,740)	13,391	75,060

This consolidated fiscal year (April 1, 2016 – March 31, 2017)

(Units: Millions of yen)

	Shareholder's Equity				
	Capital stock	Capital Surplus	Retained earnings	Treasury stock	Total Shareholder's Equity
Beginning balance	23,470	24,261	15,697	(21)	63,408
Change during this fiscal year					
Increase by merger			11		11
Dividends declared			(2,082)		(2,082)
Net profit attributable to owners of parent			8,443		8,443
Acquisition of treasury stock				(2,000)	(2,000)
Change of scope of consolidation			(103)		(103)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(0)			(0)
Change during this fiscal year (net) in accounts other than shareholders' equity					
Total change during this fiscal year	—	(0)	6,269	(2,000)	4,269
Ending balance	23,470	24,261	21,967	(2,021)	67,677

	Accumulated other comprehensive income/(loss)					Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred hedging gains/losses	Remeasurements of defined benefit plans	Foreign currency translation adjustments	Total other comprehensive income		
Beginning balance	(283)	(1,209)	(63)	(184)	(1,740)	13,391	75,060
Change during this fiscal year							
Increase by merger							11
Dividends declared							(2,082)
Net profit attributable to owners of parent							8,443
Acquisition of treasury stock							(2,000)
Change of scope of consolidation							(103)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(0)
Change during this fiscal year (net) in accounts other than shareholders' equity	824	1,260	26	(143)	1,968	810	2,778
Total change during this fiscal year	824	1,260	26	(143)	1,968	810	7,047
Ending balance	541	51	(36)	(327)	227	14,202	82,107

(4) Consolidated statement of cash flows

(Units: Millions of yen)

	FY ended (April 1, 2015 – March 31, 2016)	FY (April 1, 2016 – March 31, 2017)
Cash flows from operating activities		
Net profit before taxes and other adjustments	9,405	15,297
Depreciation	18,246	18,882
Impairment losses	907	820
Amortization of goodwill	1,129	1,273
Amortization of negative goodwill	(2)	(2)
Increase (decrease) in allowance for doubtful accounts	3	(6)
Increase (decrease) in allowance for bonuses	218	188
Increase (decrease) in net defined benefit liability	(37)	(143)
Interest and dividends received	(408)	(430)
Interest expense	1,296	1,058
Foreign exchange losses (gains)	(150)	(21)
Loss (gain) on sales of shares of subsidiaries and associates	—	(1)
Loss (gain) on sale of investment securities	(0)	(2)
Loss (gain) on sale of property, plant, and equipment	(0)	(16)
Loss on retirement of property, plant, and equipment	849	1,103
Other extraordinary losses (gains)	(155)	314
Other non-operating losses (gains)	108	(17)
Decrease (increase) in accounts receivable – trade	(134)	(987)
Decrease (increase) in inventories	829	(431)
Increase (decrease) in accounts payable – trade	769	609
Increase (decrease) in accrued consumption taxes	(2,833)	1,052
Decrease (increase) in other current assets	799	1,474
Decrease (increase) in other noncurrent assets	925	798
Increase (decrease) in other current liabilities	(763)	1,550
Increase (decrease) in other noncurrent liabilities	(87)	133
Subtotal	30,915	42,499
Interest and dividends received	76	74
Interest paid	(1,188)	(1,093)
Income taxes paid	(4,348)	(4,431)
Cash flows from operating activities	25,455	37,049

(Units: Millions of yen)

	FY ended (April 1, 2015 – March 31, 2016)	FY (April 1, 2016 – March 31, 2017)
Cash flows from investing activities		
Purchase of property, plant, and equipment	(16,364)	(19,965)
Proceeds from sale of property, plant, and equipment	22	3,304
Purchase of intangible assets	(601)	(491)
Purchase of long-term prepaid expenses	(171)	(262)
Purchase of investment securities	(191)	(1,353)
Proceeds from sale of investment securities	6	19
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(8,050)
Proceeds from liquidation of subsidiaries	—	459
Proceeds from sales of stocks of subsidiaries and affiliates	—	1,704
Payments for transfer of business	(747)	(402)
Payments of loans receivable	(388)	(644)
Collection of loans receivable	102	54
Security deposits and guarantees pledged	(727)	(839)
Security deposits and guarantees returned	950	1,105
Expenditures on lease premiums	(113)	(116)
Expenditures on long-term prepaid rents	(2,296)	(2,134)
Proceeds from fluidity of long-term prepaid rents	—	1,775
Payment of insurance premiums	(7)	(6)
Other	(286)	(349)
Cash flows from investing activities	(20,814)	(26,193)
Cash flows from financing activities		
Increase (decrease) in short-term loans payable	(5,508)	(1,198)
Net increase (decrease) in short-term bonds payable	—	(1)
Proceeds from long-term loans payable	35,110	29,790
Repayment of long-term loans payable	(33,459)	(33,928)
Repayment of lease obligations	(2,014)	(2,056)
Purchase of treasury stock	(0)	(2,000)
Purchase of treasury stock in consolidated subsidiaries	(0)	(0)
Proceeds from issuance of bonds	—	12,000
Redemption of bonds	(5,490)	(9,750)
Repayment of installment payables	(68)	(44)
Proceeds from share issuance to non-controlling shareholders	91	108
Payment of dividends	(601)	(2,082)
Dividends paid to non-controlling interests	(238)	(241)
Other	(958)	—
Cash flows from financing activities	(13,138)	(9,403)
Effect of exchange rate changes on cash and cash equivalents	(408)	(160)
Increase (decrease) in cash and cash equivalents	(8,905)	1,291
Beginning balance of cash and cash equivalents	29,428	20,925
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	402	24
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	—	33
Ending balance of cash and cash equivalents	20,925	22,274

(5) Notes on consolidated financial statements
 (Notes on going concern assumption)
 Not applicable

(Segment information)

[Segment information]

1. Overview of segments to be reported

For Zensho Holdings' segments to be reported, financial information for each section can be collected, and the board of directors discusses the segments regularly for determining how to allocate managerial resources and evaluating business performance.

The Zensho Group operates food businesses in various fields, categorizes "restaurant business" and "retail business" as main segments to be reported, designs and determines group strategies.

The businesses included in the segments to be reported are as follows:

Restaurant business: restaurant management, etc.

Retail business: supermarket management

2. Methods for calculating sales, profits or losses, assets, liabilities, and other items for each segment

The accounting method for the reporting business segments is generally the same as the accounting method for preparation of consolidated financial statements. The profit in each segment is based on operating income.

Zensho Holdings does not allocate assets and liabilities in segments to be reported.

3. Information on sales, profits or losses, and other items for each segment

Previous fiscal year (April 1, 2015 – March 31, 2016)

(Units: Millions of yen)

	Reporting segment		Total	Adjustment Amount*1	Consolidated balance sheet amount*2
	Restaurant business	Retail business			
Net Sales					
(1) Sales to external customers	464,258	61,451	525,709	—	525,709
(2) Intersegment sales or transferred amount	2,019	113	2,132	(2,132)	—
Total	466,278	61,564	527,842	(2,132)	525,709
Segment income	11,979	134	12,113	0	12,113
Other items					
Depreciation	17,636	669	18,305	(59)	18,246
Amortization of goodwill	957	171	1,129	—	1,129

Note: 1. Adjustment amount refer to elimination of intersegment transactions.

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

3. Unamortized goodwill is 13,199 million yen.

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

Current fiscal year (April 1, 2016 – March 31, 2017)

(Units: Millions of yen)

	Reporting segment		Total	Adjustment Amount*1	Consolidated balance sheet amount*2
	Restaurant business	Retail business			
Net Sales					
(1) Sales to external customers	474,464	69,563	544,028	—	544,028
(2) Intersegment sales or transferred amount	2,676	34	2,710	(2,710)	—
Total	477,140	69,597	546,738	(2,710)	544,028
Segment income	17,755	1,019	18,775	(0)	18,775
Other items					
Depreciation	18,128	794	18,923	(40)	18,882
Amortization of goodwill	988	284	1,273	—	1,273

Note: 1. Adjustment amount refer to elimination of intersegment transactions.

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

3. Unamortized goodwill is 18,928 million yen.

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

(Per-share information)

	FY ended (April 1, 2015 – March 31, 2016)	FY (April 1, 2016 – March 31, 2017)
Net assets per share	412.18 yen	458.07 yen
Net profit per share	27.09 yen	56.87 yen

Note: 1. Diluted net profit per share is not shown because there is no dilutive stock.

2. Net profit per share is calculated on the following bases:

	FY ended (April 1, 2015 – March 31, 2016)	FY (April 1, 2016 – March 31, 2017)
Net profit attributable to owners of parent (million yen)	4,026	8,443
Amount not attributable to common shareholders (million yen)	—	—
Net profit attributable to owners of parent on common stock (million yen)	4,026	8,443
Average shares of stock during the fiscal year (stocks)	148,618,714	148,477,405

(Important events after the reporting period)

Not applicable