

## Financial Results (Consolidated) for First Quarter of Fiscal Year Ending March 2015 (Japanese Accounting Standards)

August 8, 2014

Name of listed firm: **Zensho Holdings Co., Ltd.** Exchange: TSE  
 Code no.: 7550 URL <http://www.zensho.co.jp/>  
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 (title) Board member and Senior  
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 Accounting Division  
 Starting date of dividend payment (planned):  
 Date of submission of quarterly report (planned): August 8, 2014  
 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 first quarter of the fiscal year ending March 2015 (April 1 – June 30, 2014)

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

|             | Sales           |      | Operating profit |        | Ordinary profit |       | Quarterly net profit |        |
|-------------|-----------------|------|------------------|--------|-----------------|-------|----------------------|--------|
|             | Millions of yen | %    | Millions of yen  | %      | Millions of yen | %     | Millions of yen      | %      |
| Q1, FY 2015 | 120,145         | 9.9  | (923)            | –      | (1,232)         | –     | (2,331)              | –      |
| Q1, FY 2014 | 109,302         | 10.6 | 1,619            | (23.1) | 1,720           | (4.6) | 66                   | (81.2) |

Note: Comprehensive income: Q1, FY 2015: (2,172) million yen (– %); Q1, FY 2014: 565 million yen (up 586.9%)

|             | Quarterly net profit per share | Quarterly diluted net profit per share |
|-------------|--------------------------------|--|
|             | yen                            | yen                                    |
| Q1, FY 2015 | (15.69)                        | –                                      |
| Q1, FY 2014 | 0.55                           | –                                      |

### (2) Consolidated financial position

|             | Total assets    | Net assets      | Capital adequacy ratio | Net assets per share |
|-------------|-----------------|-----------------|------------------------|----------------------|
|             | Millions of yen | Millions of yen | %                      | yen                  |
| Q1, FY 2015 | 297,868         | 77,815          | 21.9                   | 438.20               |
| FY 2014     | 293,192         | 81,291          | 23.4                   | 462.23               |

Reference: Equity capital: Q1, FY 2015: 65,106 million yen; FY 2014: 68,676 million yen

### 2. Dividend position

|                    | Annual dividends |           |           |          |       |
|--------------------|------------------|-----------|-----------|----------|-------|
|                    | End of Q1        | End of Q2 | End of Q3 | Year-end | Total |
|                    | yen              | yen       | yen       | yen      | yen   |
| FY2014             | –                | 8.00      | –         | 8.00     | 16.00 |
| FY2015             | –                | –         | –         | –        | –     |
| FY 2015 (forecast) | –                | 4.00      | –         | 4.00     | 8.00  |

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

### 3. Consolidated business performance forecasts for FY 2015 (April 1, 2014 – March 31, 2015)

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

|                 | 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) | 254,312         | 11.7 | 1,881            | (56.7) | 1,246           | (69.8) | (1,962)         | – | (13.21)              |
| Full year       | 525,068         | 12.1 | 8,055            | (1.0)  | 6,811           | (14.4) | (1,370)         | – | (9.22)               |

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 first quarter of this consolidated fiscal year: Y /  N

New: \_\_\_ company(ies); name: \_\_\_\_\_ Removed: \_\_\_ company(ies); name: \_\_\_\_\_

(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

|             |             |        |             |             |        |
|-------------|-------------|--------|-------------|-------------|--------|
| Q1, FY 2015 | 148,600,000 | shares | FY 2014     | 148,600,000 | shares |
| Q1, FY 2015 | 23,681      | shares | FY 2014     | 23,681      | shares |
| Q1, FY 2015 | 148,576,319 | shares | Q1, FY 2014 | 121,076,445 | 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 reports 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 cumulative period through the first quarter of this consolidated fiscal year (April 1 – June 30, 2014), the Japanese economy recovered gently because fiscal and monetary policies by the Japanese government and the Bank of Japan led the improvement in corporate performances and, in consequence, capital investment increased and the income situations improved.

In the restaurant industry, ingredient prices and energy costs are rising, and it is anticipated that balance of labor supply and demand will worsen due to the economic boost. This indicates that 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 104.2% year-on-year, 101.0% year-on-year, and 102.3% year-on-year, respectively. The profit decreased as compared with last year mainly due to the temporary closing of the gyudon chain "Sukiya" and the increases in the prices of ingredients, including beef, and electricity charges.

At the end of the first quarter of this consolidated fiscal year, the Group's number of stores stood at 4,844 locations. Events contributing to this figure included the opening of 61 restaurants and the closing of 9 restaurants.

Consolidated business performance in the cumulative period through the first quarter of this consolidated fiscal year showed sales of 120,145 million yen (up 9.9% year-on-year), operating loss of 923 million yen (operating income of 1,619 million yen in the same period of the previous year), ordinary loss of 1,232 million yen (ordinary income of 1,720 million yen in the same period of the previous year), and net loss of 2,331 million yen (net income of 66 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 cumulative period through the first quarter of this consolidated fiscal year were 109,191 million yen (up 6.6% year-on-year), and operating loss was 526 million yen (operating income of 2,032 million yen in the same period of the previous year).

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

#### **Gyudon category**

With the opening of 25 restaurants and the closing of 6 restaurants, the number of restaurants in the Gyudon category at the end of the first quarter of this consolidated fiscal year totaled at 2,569. This figure includes 1,995 outlets in the Sukiya chain operated by Zensho Co., Ltd. and 479 outlets (including 19 franchised outlets) operated by Nakau Co., Ltd.

Sukiya, a gyudon chain operated by Zensho Co., Ltd., strengthened its product lineup by adding seasonal products in May such as "eel bowl" (regular size: 740 yen plus tax) and "eel and beef bowl" (regular size: 830 yen plus tax). In addition, Sukiya has been seeking to strengthen quality controls to enjoy safe and delicious products in comfort.

As for the store operation of "Sukiya," we established 7 regional companies throughout Japan on June 2, 2014, to shift to community-based operation. With this system, we will develop a comfortable working environment for employees and crews, improve the service level of each store, and stabilize store operation.

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 power of its products by introducing new and seasonal products and improving existing products.

Due to these efforts, sales in the Gyudon category in the cumulative period through the first quarter of this consolidated fiscal year totaled 41,871 million yen (down 3.9% year-on-year).

#### **Family Dining category**

With the opening of 3 restaurants, the number of restaurant locations in the Family Dining category stood at 1,530 outlets at the end of the first quarter of this consolidated fiscal year.

Coco's, the standard restaurant chain operated by Coco's Japan Co., Ltd., sought to strengthen business performance through increasing lineup of the menu, adding special fair menus, and enhancing service standards of the restaurants.

The Big Boy chain of hamburger steak, grill restaurants and other restaurants 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 fair menus.

Jolly Pasta, pasta specialty restaurant chain, operated by Jolly Pasta Co., Ltd., sought to make its menus even more delicious by improving their pasta sauces and introducing full-featured seasonal menus. We 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 safe and delicious products which customers can enjoy in comfort.

Due to these efforts, sales in the Family Dining category in the cumulative period through the first quarter of this consolidated fiscal year totaled 36,915 million yen. (up 1.1% year-on-year)

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

With the opening of 33 restaurants, the number of restaurant locations in the Fast Food Service category at the end of the first quarter of this consolidated fiscal year stood at 639 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 cumulative period through the first quarter of this consolidated fiscal year totaled 23,971 million yen (up 28.5% year-on-year).

#### **Other category**

Net sales in the Other category in the cumulative period through the first quarter of this consolidated fiscal year totaled 6,433 million yen (up 75.2% year-on-year).

Main businesses in this category include Tolona Japan Co., Inc., which produces and sells pizzas; Sanbishi Co., Ltd., which brews soy sauce; Global Fresh Supply Co., Ltd., a company which handles logistics functions for the Zensho Group; and Global Table Supply Co., Ltd., which procures supplies, uniforms and other equipments.

#### ② Retail business

Net sales in retail business in the cumulative period through the first quarter of this consolidated fiscal year were 10,953 million yen (up 58.7% year-on-year) and operating loss was 413 million yen (operating loss of 410 million yen in the same period of the previous year).

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

#### (2) Qualitative information on consolidated financial position

At the end of the first quarter of this consolidated fiscal year, the Group's assets increased by 4,676 million yen from the end of the previous consolidated fiscal year, mainly due to the capital investment for stores.

Liabilities increased by 8,151 million yen from the end of the previous consolidated fiscal year, mainly due to new borrowing.

Net assets decreased by 3,475 million yen from the end of the previous consolidated fiscal year, mainly due to the decrease in retained earnings.

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

The earnings forecasts for the first half of the term ending Mar. 2015 (Apr. 1–Sep. 30, 2014) and the term ending Mar. 2015 (Apr. 1, 2014–Mar. 31, 2015) announced on May 14, 2014 have been revised, because actual results are estimated to be lower than the first forecasts, as written in “Notification regarding the revision to earnings forecasts and estimated dividends” dated Aug. 6, 2014.

## 2. Notes on Summary Information (Notes)

(1) Important changes in subsidiaries during the cumulative period through the first quarter of this consolidated 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 standards for retirement benefits, etc.)

“Accounting Standards regarding Retirement Benefits” (Corporate Accounting Standards No. 26, May 17, 2012; hereinafter called “Accounting Standards for Retirement Benefits”) and “Guideline for Applying the Accounting Standards regarding Retirement Benefits” (Guideline for Applying Corporate Accounting Standards No. 25, May 17, 2012; hereinafter called “Guideline for Applying Retirement Benefits”) were applied from the first quarter of the current consolidated accounting period, regarding Section 35 of Accounting Standards for Retirement Benefits and Section 67 of Guideline for Applying Retirement Benefits, to revise the methods for calculating retirement benefit obligations and business expenses, and change discount rate determination methods from the one in which the period of bonds, which is the base for determining discount rate, is the years approximately equal to the average remaining employment period of employees, to the one in which a single weighted average discount rate, which takes into account the period until the scheduled payment date and the amount for each period, is used.

Accounting Standards for Retirement Benefits, etc. are applied in accordance with the provision for transitional handling set forth in Section 37 of Accounting Standards for Retirement Benefits.

These do not produce any effects on the retained earnings at the beginning of the first quarter of the current consolidated accounting period, the operating profit, ordinary profit, and net profit before income taxes for the first quarter of the consolidated accounting period. In addition, there are no effects on the information on each business segment.

### 3. Quarterly Consolidated Financial Statements

#### (1) Quarterly consolidated balance sheet

(Units: Millions of yen)

|                                       | Previous consolidated<br>fiscal year<br>(March 31, 2014) | First quarter of this<br>consolidated fiscal year<br>(June 30, 2014) |
|---------------------------------------|--|--|
| <b>Assets</b>                         |  |  |
| Current assets                        |  |  |
| Cash and deposits                     | 44,313   | 43,402   |
| Notes and accounts receivable – trade | 4,765  | 4,505  |
| Merchandise and products              | 13,138   | 14,867   |
| In-process inventories                | 525  | 531  |
| Raw materials and supplies            | 3,006  | 3,175  |
| Other receivables                     | 12,149   | 13,795   |
| Allowance for doubtful accounts       | (10)   | (9)  |
| Total current assets                  | 77,888   | 80,268   |
| Noncurrent assets                     |  |  |
| Property, plant and equipment         |  |  |
| Buildings and structures              | 167,667  | 169,040  |
| Accumulated depreciation              | (88,100)   | (88,779)   |
| Buildings and structures (net)        | 79,566   | 80,261   |
| Machinery and vehicles                | 14,491   | 14,389   |
| Accumulated depreciation              | (7,158)  | (7,303)  |
| Machinery and vehicles (net)          | 7,332  | 7,086  |
| Other                                 | 81,995   | 84,759   |
| Accumulated depreciation              | (39,043)   | (39,881)   |
| Other (net)                           | 42,951   | 44,877   |
| Total property, plant, and equipment  | 129,851  | 132,224  |
| Intangible assets                     |  |  |
| Goodwill                              | 13,443   | 13,172   |
| Other                                 | 6,276  | 6,079  |
| Total intangible assets               | 19,720   | 19,252   |
| Investments and other assets          |  |  |
| Investment securities                 | 3,379  | 3,697  |
| Guarantee deposits                    | 33,503   | 33,434   |
| Other                                 | 28,644   | 28,782   |
| Allowance for doubtful accounts       | (18)   | (18)   |
| Total investments and other assets    | 65,508   | 65,896   |
| Total noncurrent assets               | 215,079  | 217,372  |
| Deferred assets                       | 223  | 226  |
| Total assets                          | 293,192  | 297,868  |

(Units: Millions of yen)

|  | Previous consolidated<br>fiscal year<br>(March 31, 2014) | First quarter of this<br>consolidated fiscal year<br>(June 30, 2014) |
|--|--|--|
| <b>Liabilities</b>                           |  |  |
| Current liabilities                          |  |  |
| Notes and accounts payable – trade           | 15,472   | 14,651   |
| Short-term loans payable                     | 6,113  | 13,092   |
| Current portion of bonds                     | 5,840  | 5,840  |
| Current portion of long-term loans payable   | 34,521   | 35,206   |
| Accrued income taxes                         | 2,867  | 703  |
| Reserves                                     | 1,288  | 677  |
| Other  | 31,103   | 35,180   |
| Total current liabilities                    | 97,206   | 105,352  |
| Noncurrent liabilities                       |  |  |
| Corporate bonds                              | 18,744   | 17,645   |
| Long-term loans payable                      | 81,857   | 82,812   |
| Net defined benefit liability                | 580  | 566  |
| Asset retirement obligations                 | 1,769  | 1,761  |
| Other  | 11,743   | 11,915   |
| Total noncurrent liabilities                 | 114,694  | 114,700  |
| <b>Total liabilities</b>                     | <b>211,901</b>   | <b>220,052</b>   |
| <b>Net assets</b>                            |  |  |
| Shareholders' equity                         |  |  |
| Capital stock                                | 23,470   | 23,470   |
| Capital surplus                              | 24,023   | 24,023   |
| Retained earnings                            | 24,796   | 21,249   |
| Treasury stock                               | (20)   | (20)   |
| Total shareholders' equity                   | 72,268   | 68,722   |
| Accumulated other comprehensive income       |  |  |
| Net unrealized holding gains on securities   | (711)  | (603)  |
| Deferred hedging gains/losses                | (254)  | (313)  |
| Remeasurements of defined benefit plans      | 28   | 28   |
| Foreign currency translation adjustments     | (2,655)  | (2,727)  |
| Total accumulated other comprehensive income | (3,592)  | (3,615)  |
| Non-controlling interests                    | 12,614   | 12,709   |
| <b>Total net assets</b>                      | <b>81,291</b>  | <b>77,815</b>  |
| <b>Total liabilities and net assets</b>      | <b>293,192</b>   | <b>297,868</b>   |

(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 first quarter of this consolidated fiscal year)

(Units: Millions of yen)

|  | Cumulative period through the<br>first quarter of the previous<br>consolidated fiscal year<br>(April 1 – June 30, 2013) | Cumulative period through the<br>first quarter of this consolidated<br>fiscal year<br>(April 1 – June 30, 2014) |
|--|---|---|
| Sales  | 109,302   | 120,145   |
| Cost of sales                                      | 42,763  | 51,161  |
| Gross profit                                       | 66,538  | 68,983  |
| Sales and general administrative expenses          | 64,919  | 69,906  |
| Operating profit (loss)                            | 1,619   | (923)   |
| Non-operating income                               |   |   |
| Interest income                                    | 94  | 103   |
| Dividend income                                    | 52  | 43  |
| Lease income                                       | 82  | 90  |
| Foreign exchange gains                             | 330   | —   |
| Other  | 178   | 153   |
| Total non-operating income                         | 739   | 389   |
| Non-operating expenses                             |   |   |
| Interest expenses                                  | 454   | 398   |
| Lease expenses                                     | 70  | 70  |
| Foreign exchange losses                            | —   | 73  |
| Other  | 113   | 157   |
| Total non-operating expenses                       | 638   | 699   |
| Ordinary profit (loss)                             | 1,720   | (1,232)   |
| Extraordinary income                               |   |   |
| Gain on sales of investment securities             | —   | 5   |
| Gains on sale of noncurrent assets                 | 5   | 6   |
| Compensation                                       | —   | 8   |
| Penalty income                                     | 6   | —   |
| Other  | 0   | 0   |
| Total extraordinary income                         | 12  | 20  |
| Extraordinary losses                               |   |   |
| Loss on retirement of noncurrent assets            | 94  | 237   |
| Impairment loss                                    | —   | 248   |
| Loss on closing of stores                          | —   | 262   |
| Other  | 84  | 130   |
| Total extraordinary losses                         | 179   | 879   |
| Net profit (loss) before income taxes              | 1,553   | (2,091)   |
| Corporate, residence and enterprise taxes          | 1,079   | 593   |
| Income tax□s – deferred                            | 285   | (541)   |
| Total corporate taxes                              | 1,365   | 52  |
| Net profit (loss) before non-controlling interests | 188   | (2,144)   |
| Non-controlling interests in income                | 121   | 187   |
| Net profit (loss)                                  | 66  | (2,331)   |

(Quarterly consolidated statement of comprehensive income)

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

(Units: Millions of yen)

|  | Cumulative period through the<br>first quarter of the previous<br>consolidated fiscal year<br>(April 1 – June 30, 2013) | Cumulative period through the<br>first quarter of this consolidated<br>fiscal year<br>(April 1 – June 30, 2014) |
|--|---|---|
| Net profit before non-controlling interests                    | 188   | (2,144)   |
| Other comprehensive income                                     |   |   |
| Valuation difference on available-for-sale securities          | 46  | 106   |
| Deferred hedging gains/losses                                  | 49  | (58)  |
| Remeasurements of defined benefit plans                        | —   | (0)   |
| Foreign currency translation adjustments                       | 280   | (76)  |
| Total other comprehensive income                               | 377   | (28)  |
| Comprehensive income   | 565   | (2,172)   |
| (Breakdown)  |   |   |
| Comprehensive income attributable to parent company owners     | 442   | (2,354)   |
| Comprehensive income attributable to non-controlling interests | 122   | 181   |

(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 first quarter of the previous consolidated fiscal year (April 1 – June 30, 2013)

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              | 102,399             | 6,903           | 109,302 | —                   | 109,302                             |
| (2) Intersegment sales or transferred amount | 67                  | 2               | 70      | (70)                | —                                   |
| Total  | 102,466             | 6,905           | 109,372 | (70)                | 109,302                             |
| Segment income (loss)                        | 2,032               | (410)           | 1,621   | (2)                 | 1,619                               |

Note: 1. Adjustment amount of segment income (loss) of -¥2 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)

Not applicable

(Important fluctuation in goodwill amount)

Not applicable

(Important negative goodwill profit)

Not applicable

Cumulative period through the first quarter of this consolidated fiscal year (April 1 – June 30, 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              | 109,191             | 10,953          | 120,145 | —                   | 120,145                             |
| (2) Intersegment sales or transferred amount | 365                 | 2               | 368     | (368)               | —                                   |
| Total  | 109,557             | 10,956          | 120,514 | (368)               | 120,145                             |
| Segment income (loss)                        | (526)               | (413)           | (939)   | 16                  | (923)                               |

Note: 1. Adjustment amount of segment income (loss) of ¥16 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. Items regarding the changes of business segments to be reported, etc.

In the previous consolidated fiscal year, our corporate group founded Nihon Retail Holdings Co., Ltd. and divided the segment “Food business” into “restaurant business” and “retail business,” as our corporate organization was modified for streamlining the retail business further.

The segment information for the first quarter of the previous consolidated fiscal year is based on the new segments.

3. Reportable segment information concerning impairment losses or goodwill amortization

(Important impairment loss related to noncurrent assets)

In the “restaurant business” segment, the impairment loss of store assets has been posted. The amount of the impairment loss for the first quarter of the current consolidated fiscal year is 248 million yen.

(Important fluctuation in goodwill amount)

Not applicable

(Important negative goodwill profit)

Not applicable