

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2018 (Japanese Accounting Standards)

May 10, 2018

Company Name: **Zensho Holdings Co., Ltd.** Stock Listings Tokyo Stock Exchange
Code Number: 7550 URL <http://www.zensho.co.jp/>
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Scheduled date for annual general shareholders' meeting: June 22, 2018

Scheduled date for submission of annual securities report: June 25, 2018

Scheduled date for payment of dividends: June 25, 2018

Supplementary documents for financial results : Yes

Financial results briefing : Yes (for institutional investors)

(Figures rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year ended March 2018 (April 1, 2017 to March 31, 2018)

(1) Consolidated Financial Results (Percentages (%) indicate changes from the previous year)

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2018	579,108	6.4	17,611	(6.2)	17,656	(2.2)	8,001	(5.2)
March 31, 2017	544,028	3.5	18,775	55.0	18,061	58.7	8,443	109.7

Note: Comprehensive income Fiscal Year ended March 31, 2018 6,938 million yen ((38.8) %)
Fiscal Year ended March 31, 2017 11,337 million yen (457.0 %)

	Profit attributable to owners of parent per share	Profit attributable to owners of parent per share (Diluted)	Return on equity (ROE)	Return on assets (ROA)	Operating Margin
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2018	54.18	—	11.8	6.0	3.0
March 31, 2017	56.87	—	13.0	6.4	3.5

Note: Gain/loss on equity method investments: March 31, 2018 — million yen March 31, 2017 — million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
Fiscal Year ended	Million yen	Million yen	%	Yen
March 31, 2018	296,769	82,204	22.7	461.76
March 31, 2017	288,999	82,107	23.5	458.07

Note: Shareholders' Equity: March 31, 2018 67,495 million yen March 31, 2017 67,905 million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
Fiscal Year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2018	37,162	(24,663)	(9,073)	26,142
March 31, 2017	37,049	(26,193)	(9,403)	22,274

2. Dividends

	Dividend per Share					Total dividend amount (full-year)	Consolidated Payout ratio	Dividends on consolidated net assets
	End of Q1	End of Q2	End of Q3	Year-end	Full year			
Fiscal Year ended /ending	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2017	-	9.00	-	9.00	18.00	2,668	31.7	4.1
March 31, 2018	-	9.00	-	9.00	18.00	2,649	33.2	3.9
March 31, 2019 (forecast)	-	9.00	-	9.00	18.00		30.5	

3. Consolidated Forecasts for Fiscal Year Ending March 31, 2019 (April 1, 2018 to March 31, 2019)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Q2 (Cumulative)	310,804	6.8	10,956	9.3	10,496	3.8	5,759	12.8	39.40
Full year	623,709	7.7	20,391	15.8	19,522	10.6	8,636	7.9	59.08

Notes

(1) Changes of important subsidiaries during the period
(changes in specified subsidiaries resulting in change in scope of consolidation) : None

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

(i) Changes in accounting policies caused by revision of accounting standards : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(iv) Restatement : None

(3) Shares issued and outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)	As of March 31, 2018	149,640,445 shares	As of March 31, 2017	149,640,445 shares
(ii) Number of treasury stocks at the end of the period	As of March 31, 2018	3,469,463 shares	As of March 31, 2017	1,396,423 shares
(iii) Average number of shares outstanding during the term	FY ended March 31, 2018	147,681,826 shares	FY ended March 31, 2017	148,477,405 shares

Note: Please refer to "Per Share Information" on p.15 concerning the number of shares on which calculations of net profit per share (consolidated) are based.

* This summary of consolidated financial results is exempt from audit procedures of certified accountants and/or auditing firms.

* Explanation and other special notes concerning the appropriate use of forecasted business performance

The forecast figures indicated above are projections based on the information available at the time of the announcement and certain assumptions include some degree of uncertainty. Actual business performance and other results may differ from the forecast depending on the changes in business conditions and others. Please refer to p.4 of the Appendix for information on the above forecast.

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1. Overview of Management Results and Related Matters

(1) Overview of Consolidated Management Results for the Term Under Review

In the fiscal year under review (from April 1, 2017 to March 31, 2018), economic conditions in Japan continued a modest recovery with the backdrop of improvements in the corporate earnings and employment environment, while uncertainty over the future remained mainly due to the increasing geopolitical risk in East Asia.

In the restaurant industry, business environment remained stringent due to a price hike of food materials and a rise in the personnel cost, although personal consumption is gradually recovering.

Under these circumstances, the same-store sales in the Gyudon category including Sukiya, the Family Dining category including Coco's and Jolly-Pasta, and the Fast Food Service category including Hamazushi were 102.5%, 98.5%, and 102.0% year-on-year, respectively.

At the end of the fiscal year under review, the number of stores stood at 5,065, resulting from 241 new store openings and 80 closures.

Consequently, the business performance in the fiscal year under review showed sales of 579,108 million yen (up 6.4% year-on-year), operating profit of 17,611 million yen (down 6.2% year-on-year), ordinary profit of 17,656 million yen (down 2.2% year-on-year), and profit attributable to owners of parent of 8,001 million yen (down 5.2% year-on-year).

An overview of conditions by business segment is provided below.

① Restaurant business

The sales of the restaurant business in the fiscal year under review were 495,638 million yen (up 4.5% year-on-year), and the operating profit was 16,851 million yen (down 5.1% year-on-year).

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

(Gyudon category)

The number of restaurants in the Gyudon category at the end of March 31, 2018 stood at 2,798, as a result of 153 new restaurant openings and 36 closures. The breakdown is 1,944 restaurants of Sukiya, 461 restaurants of Nakau (including 13 franchised restaurants), and others.

Sukiya, a Gyudon chain operated by Sukiya Co., Ltd., launched "Rokabo Gyumen" (low carbohydrate noodle with simmered beef on top), which uses konjac noodles with rice flour to offer low-carbohydrates and satisfactory feeling (regular size: 490 yen [tax included]), "Shakitto Wafu Oni-sara Gyudon" (Gyudon with sliced onion on top), which uses vertically sliced onion to offer more texture (regular size: 500 yen [tax included]), and "Clam Soup", which contains lots of vitamin B12 and Iron (190 yen [tax included]), to address the various needs of customers, under the theme of "Let's be Healthy at Sukiya". In addition, Sukiya made efforts to further enhance the product competitiveness by introducing "Wagyu Sukiyaki Don" (rice bowl topped with Japanese beef sukiyaki) (regular size: 690 yen [tax included]), as a celebration of winning the World Branding Awards for the second consecutive year, and "Oden" (steamed vegetables, eggs, and fishcakes in Japanese broth), which is perfect for a cold winter day (250 yen [tax included]) to offer a wider range of products.

Sukiya is striving to strengthen quality controls and improve its service to allow customers to continue to enjoy safe and delicious products, as well as to pursue the development of restaurants loved by customers.

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 enhancing product competitiveness through introduction of new and seasonal products and improvement of existing products.

As a result of the above, sales in the Gyudon category in the fiscal year under review totaled 203,679 million yen (up 4.8% year-on-year).

(Family Dining category)

The number of restaurants in the Family Dining category at the end of March 31, 2018 stood at 1,367 (including 79 franchised restaurants), as a result of 25 new restaurant openings and 20 closures.

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 its business performance by various ways, such as improving the main products, enriching salad bar and soup bar, and adding special menus.

Jolly-Pasta, the pasta specialty restaurant chain, operated by Jolly-Pasta Co., Ltd., expanded the lineup of the menu and introduced new dishes using seasonal ingredients to enhance the taste of products and to convey the pasta specialty restaurant's attractiveness to customers, under the slogan, "When you want pasta, it's Jolly-Pasta".

Hanaya Yohei, the Japanese-cuisine restaurant chain operated by Hanaya Yohei Co., Ltd., has been working to improve customers satisfaction by various ways, including development of products using seasonal ingredients, improvement of service standard with enhanced training of restaurant employees, and improvement of labor productivity.

As a result of these efforts, sales in the Family Dining category in the fiscal year under review were 127,882 million yen (down 1.3% year-on-year).

(Fast Food Service category)

The number of restaurants in the Fast Food Service category at the end of March 31, 2018 stood at 756, as a result of 62 new restaurant openings and 12 closures.

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

As a result of these efforts, sales in the Fast Food Service category in the fiscal year under review were 132,964 million yen (up 8.4% year-on-year).

(Other category)

Sales in the Other category in the fiscal year under review were 31,112 million yen (up 11.4% year-on-year).

Main businesses in this category include Tolona Japan Co., Ltd., 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 the retail business in the fiscal year under review were 83,469 million yen (up 20.0% year-on-year), and the operating profit was 758 million yen (down 25.6% year-on-year).

The retail business includes the supermarket business operated by Maruya co., Ltd., Maruei Co., Ltd., Owariya Co., Ltd., and Fresh Corporation Co., Ltd., and fruit and vegetables stores operated by United Veggies Co., Ltd.

(2) Overview of Financial Position for the Term Under Review

(Total Assets)

Total assets amounted to 296,769 million yen as of March 31, 2018, an increase of 7,770 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in property, plant and equipment resulted from new store investments.

(Liabilities)

Liabilities amounted to 214,565 million yen as of March 31, 2018, an increase of 7,673 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in accrued liabilities and deposits payable, reflecting the fact the end of the period fell on a holiday for financial institutions, in addition to an increase in lease obligations in association with the capital investment.

(Net Assets)

Net Assets amounted to 82,204 million yen as of March 31, 2018, an increase of 96 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in retained earnings, despite acquisition of treasury stock.

(3) Overview of Cash Flows for the Term Under Review

	Amount (million yen)
Beginning balance of cash and cash equivalents	22,274
Cash flow from operating activities	37,162
Cash flow from investing activities	(24,663)
Cash flow from financing activities	(9,073)
Ending balance of cash and cash equivalents	26,142
(reference) Free cash flow	12,499

At the end of the fiscal year under review, cash and cash equivalents (hereinafter referred to as “net cash”) amounted to 26,142 million yen, up 3,868 million yen from the beginning of the fiscal year under review. This was due to an increase of net cash by recording net profit before taxes and other adjustments and depreciation, despite the expenses in association with new store openings, payment of taxes and dividends, and acquisition of treasury stock.

(Cash flow from operating activities)

Cash flow from operating activities resulted in an increase in net cash of 37,162 million yen. This was mainly due to net profit before taxes and depreciation recorded.

(Cash flow from investing activities)

Cash flow from investing activities resulted in a decrease in net cash of 24,663 million yen. This was mainly due to acquisition of property, plant and equipment to open new stores.

(Cash flow from financing activities)

Cash flow from financing activities resulted in a decrease of net cash of 9,073 million yen. This was mainly due to repayment of lease obligations, payment of dividends, and acquisition of treasury stock.

(4) Future Outlook

As for the outlook for the next term, individual consumption is anticipated to remain uncertain, and the balance of demand and supply of labor will remain tight, although the economy is expected to keep gradual recovery. Given these conditions, the Zensho Group will continue to enhance the new store openings and strengthen the brands within each of its business types, as an enterprise providing safe, delicious food at reasonable cost to people all around the world. Efforts targeting this goal will 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: 623,709 million yen in net sales (up 7.7% from the previous year); 20,391 million yen in operating profit (up 15.8% from the previous year); 19,522 million yen in ordinary profit (up 10.6% from the previous year); and 8,636 million yen in profit attributable to owners of parent (up 7.9% from the previous year).

2 . Basic Policy on Selection of Accounting Standards

Most stakeholders of the Zensho Group 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

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2017)	End of Current fiscal year (As of March 31, 2018)
Assets		
Current Assets		
Cash and deposits	22,274	26,142
Notes and accounts receivable - trade	6,399	8,142
Merchandise and finished goods	18,471	15,965
Work in process	752	726
Raw materials and supplies	4,355	4,872
Deferred tax assets - current	3,561	3,474
Other	12,646	15,916
Allowance for doubtful accounts	(11)	(11)
Total current assets	68,450	75,229
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	181,641	188,654
Accumulated depreciation	(102,276)	(107,400)
Buildings and structures, net	79,364	81,253
Machinery, equipment and vehicles	12,755	11,588
Accumulated depreciation	(6,772)	(7,151)
Machinery, equipment and vehicles, net	5,982	4,437
Tools, furniture and fixtures	54,177	60,867
Accumulated depreciation	(37,513)	(41,592)
Tools, furniture and fixtures, net	16,663	19,275
Land	17,438	17,475
Lease assets	17,957	19,405
Accumulated depreciation	(8,088)	(7,559)
Lease assets, net	9,869	11,845
Construction in progress	675	997
Total property, plant and equipment	129,993	135,285
Intangible assets		
Goodwill	18,928	17,833
Other	2,971	3,343
Total intangible assets	21,899	21,176
Investments and other assets		
Investment securities	3,570	1,328
Guarantee deposits	33,116	33,506
Long-term loans receivable	412	93
Long-term prepaid rent	19,975	19,570
Deferred tax assets	8,003	6,977
Other	3,496	3,526
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	68,561	64,988
Total non-current assets	220,454	221,450
Deferred assets		
Bond issuance cost	93	89
Total deferred assets	93	89
Total assets	288,999	296,769

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2017)	End of Current fiscal year (As of March 31, 2018)
Liabilities		
Current Liabilities		
Notes and accounts payable, trade	19,046	19,624
Short-term loans payable	2,662	783
Current portions of bonds	4,925	1,780
Current portion of long-term loans payable	43,485	35,509
Lease obligations	1,687	2,045
Income taxes payable	2,491	2,113
Provision for bonuses	1,869	2,131
Other	26,647	31,096
Total current liabilities	102,815	95,084
Non-current liabilities		
Bonds payable	10,580	13,800
Long-term loans payable	75,492	85,227
Lease obligations	9,290	11,175
Net defined benefit liability	570	578
Asset retirement obligations	2,396	2,989
Other	5,745	5,710
Total non-current liabilities	104,075	119,480
Total liabilities	206,891	214,565
Net assets		
Shareholders' equity		
Capital stock	23,470	23,470
Capital surplus	24,261	24,261
Retained earnings	21,967	27,152
Treasury shares	(2,021)	(6,021)
Total shareholders' equity	67,677	68,863
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	541	(29)
Deferred gains or losses on hedges	51	(605)
Remeasurements of defined benefit plans	(36)	(24)
Foreign currency translation adjustment	(327)	(707)
Total accumulated other comprehensive income	227	(1,367)
Non-controlling interests	14,202	14,708
Total net assets	82,107	82,204
Total liabilities and net assets	288,999	296,769

(2) Consolidated Statement of Income and Comprehensive Income
(Consolidated Statement of Income)

	(Million yen)	
	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net Sales	544,028	579,108
Cost of Sales	231,850	251,486
Gross Profit	312,177	327,622
Selling, General and Administrative Expenses	293,401	310,010
Operating Profit	18,775	17,611
Other Income		
Interest income	424	419
Dividend income	6	6
Rent income	218	184
Foreign exchange gains	—	293
Other	813	726
Total non-operating income	1,461	1,629
Non-operating expenses		
Interest expenses	1,058	800
Rent expenses	140	113
Foreign exchange losses	291	280
Other	685	389
Total non-operating expenses	2,175	1,584
Ordinary profit	18,061	17,656
Extraordinary income		
Gain on sales of non-current assets	18	524
Compensation income	48	298
Other	252	212
Total extraordinary income	319	1,035
Extraordinary losses		
Loss on sales of non-current assets	1	76
Loss on retirement of non-current assets	1,241	1,616
Impairment losses	820	1,389
Other	1,020	1,161
Total extraordinary losses	3,083	4,244
Net Profit before income taxes	15,297	14,447
Income taxes - current	3,881	4,331
Income taxes - deferred	2,043	1,554
Total income taxes	5,924	5,886
Net Profit	9,372	8,560
Profit attributable to non-controlling interests	929	559
Profit attributable to owners of parent	8,443	8,001

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net Profit	9,372	8,560
Other comprehensive income		
Valuation difference on available-for-sale securities	818	(570)
Deferred gains or losses on hedges	1,260	(656)
Remeasurements of defined benefit plans	26	11
Foreign currency translation adjustment	(140)	(407)
Total other comprehensive income	1,964	(1,622)
Comprehensive income	11,337	6,938
(Breakdown)		
Comprehensive income attributable to owners of parent	10,409	6,405
Comprehensive income attributable to non-controlling interests	928	532

(3) Consolidated Statement of Changes in Shareholders' Equity
Fiscal year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	23,470	24,261	15,697	(21)	63,408
Changes during the period					
Increase by share exchanges			11		11
Dividends from surplus			(2,082)		(2,082)
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)
Changes during the period (net) in accounts other than shareholders' equity					
Total changes during the period	—	(0)	6,269	(2,000)	4,269
Ending balance	23,470	24,261	21,967	(2,021)	67,677

	Accumulated other comprehensive income					Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurement of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Beginning balance	(283)	(1,209)	(63)	(184)	(1,740)	13,391	75,060
Changes during the period							
Increase by share exchanges							11
Dividends from surplus							(2,082)
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)
Changes during the period (net) in accounts other than shareholders' equity	824	1,260	26	(143)	1,968	810	2,778
Total changes during the period	824	1,260	26	(143)	1,968	810	7,047
Ending balance	541	51	(36)	(327)	227	14,202	82,107

Fiscal year ended March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	23,470	24,261	21,967	(2,021)	67,677
Changes during the period					
Dividends from surplus			(2,668)		(2,668)
Profit attributable to owners of parent			8,001		8,001
Acquisition of treasury stock				(3,999)	(3,999)
Disposal of treasury stock		0		0	0
Change of scope of consolidation			(147)		(147)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		0			0
Changes during the period (net) in accounts other than shareholders' equity					
Total changes during the period	—	0	5,185	(3,999)	1,185
Ending balance	23,470	24,261	27,152	(6,021)	68,863

	Accumulated other comprehensive income					Non-controlling interests	Total Net Assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Remeasurement of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Beginning balance	541	51	(36)	(327)	227	14,202	82,107
Changes during the period							
Dividends from surplus							(2,668)
Profit attributable to owners of parent							8,001
Acquisition of treasury stock							(3,999)
Disposal of treasury stock							0
Change of scope of consolidation							(147)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							0
Changes during the period (net) in accounts other than shareholders' equity	(570)	(656)	11	(380)	(1,595)	506	(1,089)
Total changes during the period	(570)	(656)	11	(380)	(1,595)	506	96
Ending balance	(29)	(605)	(24)	(707)	(1,367)	14,708	82,204

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Cash flows from operating activities		
Profit before income taxes	15,297	14,447
Depreciation	18,882	18,838
Impairment losses	820	1,389
Amortization of goodwill	1,273	1,525
Amortization of negative goodwill	(2)	(2)
Increase (decrease) in allowance for doubtful accounts	(6)	—
Increase (decrease) in allowance for bonuses	188	244
Increase (decrease) in net defined benefit liability	(143)	10
Interest and dividend income	(430)	(425)
Interest expenses	1,058	800
Foreign exchange losses (gains)	(21)	(231)
Loss (gain) on sales of shares of subsidiaries and associates	(1)	0
Loss (gain) on sales of investment securities	(2)	(94)
Loss (gain) on sales of property, plant and equipment	(16)	(470)
Loss on retirement of property, plant and equipment	1,103	1,462
Other extraordinary loss (income)	314	549
Other non-operating expenses (income)	(17)	2
Decrease (increase) in notes and accounts receivable - trade	(987)	(1,715)
Decrease (increase) in inventories	(431)	2,105
Increase (decrease) in notes and accounts payable - trade	609	314
Increase (decrease) in accrued consumption taxes	1,052	(161)
Decrease (increase) in other current assets	1,474	960
Decrease (increase) in other non-current assets	798	811
Increase (decrease) in other current liabilities	1,550	4,234
Increase (decrease) in other non-current liabilities	133	(152)
Subtotal	42,499	44,443
Interest and dividend income received	74	75
Interest expenses paid	(1,093)	(859)
Income taxes paid	(4,431)	(6,497)
Net cash provided by (used in) operating activities	37,049	37,162

	(Million yen)	
	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Cash flows from investing activities		
Purchase of property, plant and equipment	(19,965)	(22,934)
Proceeds from sales of property, plant and equipment	3,304	2,565
Purchase of intangible assets	(491)	(1,086)
Purchase of long-term prepaid expenses	(262)	(260)
Purchase of long-term investment securities	(1,353)	(442)
Proceeds from sales of long-term investment securities	19	985
Sale of shares of subsidiaries resulting in change in scope of consolidation	—	(22)
Payments of loans receivable	(644)	(1,153)
Payments for guarantee deposits	(839)	(1,133)
Proceeds from collection of guarantee deposits	1,105	1,098
Expenditures on lease premiums	(116)	(111)
Purchase of long term prepaid rents	(2,134)	(1,842)
Other, net	(4,814)	(325)
Net cash provided by (used in) investing activities	(26,193)	(24,663)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(1,198)	(1,859)
Proceeds from long-term loans payable	29,790	46,663
Repayments of long-term loans payable	(33,928)	(44,885)
Repayments of lease obligations	(2,056)	(2,087)
Purchase of treasury stock	(2,000)	(3,999)
Proceeds from issuance of bonds	12,000	5,000
Redemption of bonds	(9,750)	(4,925)
Repayments of installment payables	(44)	(178)
Proceeds from share issuance to non-controlling shareholders	108	115
Cash dividends paid	(2,082)	(2,666)
Dividends paid to non-controlling interests	(241)	(248)
Others	(1)	(1)
Net cash provided by (used in) financing activities	(9,403)	(9,073)
Effect of exchange rate change on cash and cash equivalents	(160)	15
Net increase (decrease) in cash and cash equivalents	1,291	3,441
Beginning balance of cash and cash equivalents	20,925	22,274
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	24	426
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	33	—
Ending balance of cash and cash equivalents	22,274	26,142

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Segment Information)

1 . Overview of reporting segments

For Zensho Holdings' reporting segments, these are, of the constituent units in the Group, those for which separate financial information are available and those that are subject of regular examination by the board of directors to make decisions on management resource allocation and assessment of performance.

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

The businesses included in the reporting segments are as follows:

Restaurant business: restaurant management, etc.

Retail business: supermarket management

2 . Methods for calculating segmental sales, profits or losses, assets and other items

The accounting method for the reporting segments is generally the same as in "Basis for Preparing Consolidated Financial Statements". The profit in each segment is based on operating profit.

Zensho Holdings does not allocate assets and liabilities in reporting segments.

3 . Information on net sales, profits or losses by reporting segment

Previous Fiscal Year (From April 1, 2016 to March 31, 2017)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	474,464	69,563	544,028	—	544,028
Intersegment Sales or Transfers	2,676	34	2,710	(2,710)	—
Total	477,140	69,597	546,738	(2,710)	544,028
Segment Profit	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 amounts are mainly elimination of intersegment transactions.

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

3 . Unamortized balance of goodwill is 18,928 million yen.

4 . Intersegment sales or transfers amounts are calculated based on prevailing market prices.

Current Fiscal Year (From April 1, 2017 to March 31, 2018)

(Million yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	495,638	83,469	579,108	—	579,108
Intersegment Sales or Transfers	2,030	23	2,054	(2,054)	—
Total	497,669	83,493	581,162	(2,054)	579,108
Segment Profit	16,851	758	17,610	0	17,611
Other Items					
Depreciation	18,029	912	18,941	(102)	18,838
Amortization of goodwill	1,016	509	1,525	—	1,525

- (Note) 1. Adjustment amounts are mainly elimination of intersegment transactions.
2. The total amount of segment profit is adjusted with the operating profit in the consolidated statement of income.
3. Unamortized balance of goodwill is 17,833 million yen.
4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

(Per Share Information)

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net assets per share	458.07 yen	461.76 yen
Net profit per share	56.87 yen	54.18 yen

- (Note) 1. Diluted net profit per share is not shown because there are no latent shares.
2. Net profit per share is calculated on the following bases:

	Previous fiscal year (From April 1, 2016 to March 31, 2017)	Current fiscal year (From April 1, 2017 to March 31, 2018)
Net profit attributable to owners of parent (million yen)	8,443	8,001
Amount not attributable to ordinary shareholders (million yen)	—	—
Net profit attributable to owners of parent relating to common stocks (million yen)	8,443	8,001
Average number of shares during the period (shares)	148,477,405	147,681,826

(Material Subsequent events)

Not applicable.