



# Summary of Consolidated Financial Results for the Second Quarter of Fiscal Year Ending March 31, 2019 (Japanese Accounting Standards)

November 7, 2018

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Scheduled date for submission of quarterly securities report: November 7, 2018  
Scheduled date for payment of dividends: December 4, 2018  
Supplementary documents for quarterly results : Yes  
Quarterly results briefing : Yes

(Figures rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Cumulative Second Quarter (April 1, 2018 to September 30, 2018)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2018	290,760	3.0	10,340	3.1	10,065	(0.5)	4,996	(2.1)
September 30, 2017	290,980	8.3	10,027	(5.9)	10,114	1.1	5,106	3.8

Note: Comprehensive income Six months ended September 30, 2018 5,995 million yen( 22.3 %)  
Six months ended September 30, 2017 4,900 million yen( 14.4 %)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2018	34.19	-
September 30, 2017	34.45	-

### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
September 30, 2018	329,167	86,741	21.8	491.59
March 31, 2018	295,316	82,204	22.9	461.76

Note: Shareholders' Equity: September 30, 2018 71,856 million yen March 31, 2018 67,495 million yen

## 2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Full year
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2018	-	9.00	-	9.00	18.00
Fiscal year ending March 31, 2019	-	9.00	-	-	-
Fiscal year ending March 31, 2019 (forecast)	-	-	-	9.00	18.00

Note: Revisions to dividend forecasts published recently : None

## 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
Full year	623,709	7.7	20,391	15.8	19,522	10.6	8,636	7.9	59.08

Note: Revisions to consolidated financial forecasts published recently : None

※ Notes

- (1) Changes of important subsidiaries during the period  
(changes in specified subsidiaries resulting in change in scope of consolidation) : None
- (2) Application of particular accounts procedures to the preparation of quarterly consolidated financial statements : None
- (3) 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

(4) Shares issued and outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)	As of September 30, 2018	149,640,445 shares	As of March 31, 2018	149,640,445 shares
(ii) Number of treasury stocks at the end of the period	As of September 30, 2018	3,469,515 shares	As of March 31, 2018	3,469,463 shares
(iii) Average number of shares outstanding during the term (quarter cumulative)	As of September 30, 2018	146,170,962 shares	As of September 30, 2017	148,244,099 shares

※ This quarterly consolidated financial results report is not subject to a quarterly review.

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

(Notes on forecasted business performance and others)

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. Qualitative Information on Results for the Cumulative Second Quarter Ended September 30, 2018

### (1) Details of Consolidated Financial Results

In the cumulative second quarter of the fiscal year under review (from April 1, 2018 to September 30, 2018), economic conditions in Japan continued a modest recovery with the backdrop of improvements in corporate earnings and employment environment, while the rising protectionism as in the trade friction between the U.S. and China and impact of natural disaster depressed the economy.

In the restaurant industry, business environment remained stringent, because of lackluster personal consumption resulting from sluggish growth of real wages, surge in food prices, and rise in personnel expenses.

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 103.2%, 99.5%, and 101.9% year-on-year, respectively.

At the end of the second quarter of the fiscal year under review, the number of stores stood at 5,106, resulting from 79 new store openings and 38 closures.

Consequently, the business performance in the cumulative second quarter of the fiscal year under review showed sales of 299,760 million yen (up 3.0% year-on-year), operating profit of 10,340 million yen (up 3.1% year-on-year), ordinary profit of 10,065 million yen (down 0.5% year-on-year), and profit attributable to owners of parent of 4,996 million yen (down 2.1% year-on-year).

An overview of conditions by business segment is provided below.

#### 1) Restaurant business

The sales of the restaurant business in the cumulative second quarter of the fiscal year under review were 257,755 million yen (up 3.8% year-on-year), and the operating profit was 10,346 million yen (up 5.9% 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 September 30, 2018 stood at 2,836, as a result of 56 new restaurant openings and 18 closures. The breakdown is 1,935 restaurants of Sukiya, 457 restaurants of Nakau (including 12 franchised restaurants), and others.

Sukiya, a Gyudon chain operated by Sukiya Co., Ltd., has made efforts to enhance the product competitiveness by launching "Caesar Lettuce Gyudon" (Gyudon topped with Caesar salad) (regular size: 500 yen [tax included]), "Yon-shu no Cheese-dori Don" (Gyudon topped with 4 types of cheese) (regular size: 480 yen [tax included]), and "Shibi-kara Moyashi Gyudon" (Gyudon topped with bean sprouts with Chinese pepper sauce) (regular size: 500 yen [tax included]) to address the various needs of customers, under the theme of "Let's be Healthy at Sukiya".

Sukiya is striving to further 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 cumulative second quarter of the fiscal year under review totaled 107,874 million yen (up 5.4% year-on-year).

##### (Family Dining category)

The number of restaurants in the Family Dining category at the end of September 30, 2018 stood at 1,367 (including 79 franchised restaurants), as a result of 6 new restaurant openings and 9 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.

Due to these efforts, sales in the Family Dining category in the cumulative second quarter of the fiscal year under review were 64,807 million yen (down 0.1% year-on-year).

#### (Fast Food Service category)

The number of restaurants in the Fast Food Service category at the end of September 30, 2018 stood at 763, as a result of 17 new restaurant openings and 7 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.

Due to these efforts, sales in the Fast Food Service category in the cumulative second quarter of the fiscal year under review were 69,962 million yen (up 6.5% year-on-year).

#### (Other category)

Sales in the Other category in the cumulative second quarter of the fiscal year under review were 15,110 million yen (down 2.2% 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, equipment etc.

## 2) Retail Business

Sales in the retail business in the cumulative second quarter of the fiscal year under review were 42,004 million yen (down 1.5% year-on-year), and the operating loss was 5 million yen (operating profit of 260 million yen in the same period of the previous 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) Details of Consolidated Financial Position

### 1) Assets, liabilities, and net assets

#### (Total Assets)

Total assets stood at ¥329,167 million as of September 30, 2018, an increase of ¥33,850 million compared with the previous fiscal year-end. This increase was mainly due to increases in cash and deposits and property, plant and equipment resulted from new store investments.

#### (Liabilities)

Liabilities amounted to ¥242,425 million as of September 30, 2018, an increase of ¥29,313 million compared with the previous fiscal year-end. This increase was mainly due to an increase in interest-bearing liabilities resulted from subordinated loan financing.

#### (Net Assets)

Net Assets came at ¥86,741 million as of September 30, 2018, an increase of ¥4,537 million compared with the previous fiscal year-end. This increase was mainly due to an increase in retained earnings.

### 2) Cash flows

#### (Cash flows from operating activities)

Cash flows from operating activities resulted in an increase in funds of 16,122 million yen (an increase in funds of 17,694 million yen in the same period of the previous fiscal year). This was mainly due to net income before taxes recorded and depreciation.

#### (Cash flows from investing activities)

Cash flows from investing activities resulted in a decrease in funds of 10,281 million yen (a decrease in funds of 11,543 million yen in the same period of the previous fiscal year). This was mainly due to acquisition of property, plant and equipment to open new stores.

#### (Cash flows from financing activities)

Cash flows from financing activities resulted in an increase of funds of 25,259 million yen (a decrease in funds of 4,525 million yen in the same period of the previous fiscal year). This was mainly due to an increase in interest-bearing liabilities resulted from subordinated loan financing.

As a result of the above, cash and cash equivalents increased 31,165 million yen from the end of previous fiscal year and totaled 57,308 million yen at September 30, 2018.

## (3) Information on the Future Outlook, Including Consolidated Business Performance Forecasts

There are no changes to the consolidated business performance forecasts announced on May 10, 2018, for the period ending March 31, 2019.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2018)	End of 2Q, Current fiscal year (As of September 30, 2018)
<b>Assets</b>		
Current Assets		
Cash and deposits	26,142	57,308
Notes and accounts receivable - trade	8,142	8,756
Merchandise and finished goods	15,965	18,429
Work in process	726	764
Raw materials and supplies	4,872	4,877
Other	15,916	14,154
Allowance for doubtful accounts	(11)	(11)
Total current assets	71,754	104,280
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	188,654	192,354
Accumulated Depreciation	(107,400)	(110,297)
Buildings and structures, net	81,253	82,057
Machinery, equipment and vehicles	11,588	12,466
Accumulated Depreciation	(7,151)	(7,511)
Machinery, equipment and vehicles, net	4,437	4,955
Other	98,746	101,817
Accumulated Depreciation	(49,151)	(51,077)
Other, net	49,594	50,739
Total property, plant and equipment	135,285	137,752
Intangible assets		
Goodwill	17,833	17,384
Other	3,343	3,705
Total intangible assets	21,176	21,089
Investments and other assets		
Investment securities	1,328	1,695
Guarantee deposits	33,506	33,324
Other	32,189	30,959
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	67,009	65,965
Total non-current assets	223,471	224,807
Deferred assets	89	79
<b>Total assets</b>	<b>295,316</b>	<b>329,167</b>

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2018)	End of 2Q, Current fiscal year (As of September 30, 2018)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable, trade	19,624	18,396
Short-term loans payable	783	682
Current portions of bonds	1,780	1,600
Current portion of long-term loans payable	35,509	31,253
Income taxes payable	2,113	2,759
Provision	2,131	2,651
Other	33,127	32,322
Total current liabilities	95,070	89,667
Non-current liabilities		
Bonds payable	13,800	13,000
Long-term loans payable	85,227	119,253
Net defined benefit liability	578	591
Asset retirement obligations	2,989	3,027
Other	15,446	16,885
Total non-current liabilities	118,041	152,758
Total liabilities	213,112	242,425
<b>Net assets</b>		
Shareholders' equity		
Capital stock	23,470	23,470
Capital surplus	24,261	24,261
Retained earnings	27,152	30,820
Treasury shares	(6,021)	(6,021)
Total shareholders' equity	68,863	72,531
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(29)	(61)
Deferred gains or losses on hedges	(605)	130
Remeasurements of defined benefit plans	(24)	(16)
Foreign currency translation adjustment	(707)	(727)
Total accumulated other comprehensive income	(1,367)	(674)
Non-controlling interests	14,708	14,885
Total net assets	82,204	86,741
Total liabilities and net assets	295,316	329,167



## (2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Cumulative Second Quarter, Fiscal Year ending March 31, 2019)

(Million yen)

	Cumulative 2Q, Previous fiscal year (From April 1, 2017 to September 30, 2017)	Cumulative 2Q, Current fiscal year (From April 1, 2018 to September 30, 2018)
Net Sales	290,980	299,760
Cost of Sales	126,571	128,746
Gross Profit	164,408	171,013
Selling, General and Administrative Expenses	154,381	160,672
Operating Profit	10,027	10,340
Other Income		
Interest income	215	247
Dividend income	1	2
Rent income	107	66
Foreign exchange gains	303	23
Other	312	389
Total non-operating income	939	729
Non-operating expenses		
Interest expenses	427	522
Rent expenses	68	37
Other	357	444
Total non-operating expenses	853	1,004
Ordinary profit	10,114	10,065
Extraordinary income		
Gain on sales of non-current assets	3	105
Gain on sales of investment securities	94	38
Compensation income	31	88
Other	23	29
Total extraordinary income	152	261
Extraordinary losses		
Loss on sales of non-current assets	3	0
Loss on retirement of non-current assets	653	615
Other	333	291
Total extraordinary losses	991	907
Profit before income taxes	9,275	9,419
Income taxes - current	2,486	2,938
Income taxes - deferred	1,391	1,169
Total income taxes	3,877	4,107
Profit	5,397	5,311
Profit attributable to non-controlling interests	291	314
Profit attributable to owners of parent	5,106	4,996

## (Quarterly Consolidated Statements of Comprehensive Income)

(Cumulative Second Quarter, Fiscal Year ending March 31, 2019)

(Million yen)

	Cumulative 2Q, Previous fiscal year (From April 1, 2017 to September 30, 2017)	Cumulative 2Q, Current fiscal year (From April 1, 2018 to September 30, 2018)
Profit	5,397	5,311
Other comprehensive income		
Valuation difference on available-for-sale securities	(582)	(32)
Deferred gains or losses on hedges	(108)	735
Remeasurements of defined benefit plans, net of tax	3	8
Foreign currency translation adjustment	190	(28)
Total other comprehensive income	(496)	684
Comprehensive income	4,900	5,995
(Breakdown)		
Comprehensive income attributable to owners of parent	4,611	5,689
Comprehensive income attributable to non-controlling interests	289	306

## (3) Quarterly Consolidated Statements of Cash Flows

	(Million yen)	
	Cumulative 2Q, Previous fiscal year (From April 1, 2017 to September 30, 2017)	Cumulative 2Q, Current fiscal year (From April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	9,275	9,419
Depreciation	9,269	9,809
Amortization of goodwill	763	711
Amortization of negative goodwill	(1)	(1)
Increase (decrease) in provision for bonuses	—	0
Increase (decrease) in net defined benefit liability	176	525
Interest and dividend income	(7)	18
Interest expenses	(217)	(250)
Foreign exchange losses (gains)	427	522
Loss (gain) on sales of shares of subsidiaries and associates	(80)	(9)
Loss (gain) on sales of investment securities	(94)	(38)
Loss (gain) on sales of property, plant and equipment	0	(114)
Loss on retirement of property, plant and equipment	643	539
Other extraordinary loss (income)	47	(0)
Other non-operating expenses (income)	(2)	(29)
Decrease (increase) in notes and accounts receivable - trade	(815)	(564)
Decrease (increase) in inventories	1,024	(2,469)
Increase (decrease) in notes and accounts payable - trade	(1,742)	(1,222)
Increase (decrease) in accrued consumption taxes	147	759
Decrease (increase) in other current assets	(716)	(917)
Decrease (increase) in other non-current assets	407	358
Increase (decrease) in other current liabilities	2,059	276
Increase (decrease) in other non-current liabilities	(120)	(4)
Subtotal	20,442	17,317
Interest and dividend income received	38	82
Interest expenses paid	(440)	(359)
Income taxes paid	(2,346)	(918)
Net cash provided by (used in) operating activities	17,694	16,122

	(Million yen)	
	Cumulative 2Q, Previous fiscal year (From April 1, 2017 to September 30, 2017)	Cumulative 2Q, Current fiscal year (From April 1, 2018 to September 30, 2018)
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,569)	(10,554)
Proceeds from sales of property, plant and equipment	73	2,347
Purchase of intangible assets	(407)	(684)
Purchase of long-term prepaid expenses	(50)	(81)
Purchase of long-term investment securities	(274)	(286)
Proceeds from sales of long-term investment securities	985	51
Payments of loans receivable	(264)	(221)
Collection of loans receivable	0	0
Payments for guarantee deposits	(464)	(304)
Proceeds from collection of guarantee deposits	612	510
Decrease (increase) in insurance funds	(3)	(1)
Decrease (increase) in premium receivable	(58)	(58)
Purchase of long term prepaid rents	(985)	(834)
Other, net	(135)	(164)
Net cash provided by (used in) investing activities	(11,543)	(10,281)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	2,480	(134)
Proceeds from long-term loans payable	20,663	47,507
Repayments of long-term loans payable	(21,694)	(17,736)
Redemption of bonds	(3,385)	(980)
Repayments of lease obligations	(1,077)	(1,228)
Purchase of treasury shares	—	(0)
Proceeds from sales of treasury shares	0	—
Purchase of treasury shares of subsidiaries	(0)	—
Repayments of installment payables	(166)	(182)
Proceeds from share issuance to non-controlling shareholders	111	104
Cash dividends paid	(1,334)	(1,312)
Dividends paid to non-controlling interests	(122)	(128)
Other, net	—	(650)
Net cash provided by (used in) financing activities	(4,525)	25,259
Effect of exchange rate change on cash and cash equivalents	(31)	(17)
Net increase (decrease) in cash and cash equivalents	1,593	31,082
Beginning balance of cash and cash equivalents	22,274	26,142
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	352	83
Ending balance of cash and cash equivalents	24,220	57,308

(4) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes for Case Where Shareholders' Equity underwent Significant Changes in Value)

Not applicable.

(Segment Information)

【Segment Information】

I Second quarter of Previous Fiscal Year (From April 1, 2017 to September 30, 2017)

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

(Units : Millions of yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	248,349	42,631	290,980	—	290,980
Intersegment Sales or Transfers	1,077	10	1,088	(1,088)	—
Total	249,427	42,641	292,068	(1,088)	290,980
Segment Profit/(Loss)	9,766	260	10,027	0	10,027

- (Note) 1. Adjustment amount of segment profit/(loss) of ¥0 million is mainly elimination of intersegment transactions.
2. The total amount of segment profit/(loss) is adjusted with the operating profit in the quarterly consolidated statements of income
3. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

2. Information on impairment loss, goodwill, etc. on non-current assets by reportable segment

(Important impairment loss on non-current assets)

Not applicable.

(Major change in goodwill)

Not applicable.

(Major negative goodwill profit)

Not applicable.

II Second quarter of Fiscal Year under review (From April 1, 2018 to September 30, 2018)

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

(Unit : Millions of yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	257,755	42,004	299,760	—	299,760
Intersegment Sales or Transfers	982	23	1,006	(1,006)	—
Total	258,737	42,028	300,766	(1,006)	299,760
Segment Profit/(Loss)	10,346	(5)	10,340	0	10,340

- (Note) 1. Adjustment amount of segment profit/(loss) of ¥0 million is mainly elimination of intersegment transactions.  
2. The total amount of segment profit/(loss) is adjusted with the operating profit in the quarterly consolidated statements of income  
3. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

2. Information on impairment loss, goodwill, etc. on non-current assets by reportable segment

(Important impairment loss on non-current assets)

Not applicable.

(Major change in goodwill)

Not applicable.

(Major negative goodwill profit)

Not applicable.

(Material subsequent events)

At the Board of Directors meeting held on October 16, 2018, the Company resolved to acquire all shares of Advanced Fresh Concepts Corp., which operates sushi takeout shops in the United States, Canada and Australia, to make it a subsidiary. A share transfer agreement was concluded on the same day.

This business combination will be completed after the necessary procedures including approval by the US regulatory authorities are finished.

1. Outline of the business combination

(1) The name of acquired companies and their business

Name of company	Business
Advanced Fresh Concepts Corp.	Management and shareholding of Group companies
Advanced Fresh Concepts Franchise Corp.	Management of take-out sushi shops (direct shop and FC)
AFC Distribution Corp.	Logistics
Advanced Fresh Concepts Pty Ltd.	Management of take-out sushi shops (direct shop and FC)
MARUI Wasabi, Inc.	Production of powdered Wasabi

(2) The main reasons for the business combination

Under the corporate philosophy of "eradicate hunger and poverty from the world", Zensho Group is developing a wide range of food businesses, and operating globally with the mission of providing safe and delicious foods to people all over the world at an affordable price. Zensho Group will continue to pursue group synergies and expand its business, aiming to be the best food company in the world.

Advanced Fresh Concepts Corp. is the No. 1 company of take-out sushi, which operates about 3,700 shops in the United States, or over 4,000 shops including Canada and Australia mainly with FC.

With this acquisition of shares, Zensho Group will have the network exceeding 4,000 shops in the group, as well as various synergistic effects in various fields such as menu development, food procurement, logistics, shop operation, location development, etc., which enable Zensho Group to further expand its business. Zensho Group will further strengthen the growth potential of the Group's overseas operations.

(3) The date of business combination

Subject to regulatory approvals such as US antitrust approval (planned for mid-November 2018)

(4) Legal form of the business combination

Shares acquisition in consideration of cash

(5) The name of acquired companies after acquisition

No change

(6) The ratio of voting rights to acquire

The ratio of voting rights held immediately before the business combination: -

The ratio of voting rights to be acquired on the date of business combination: 100.0% (planned)

The ratio of voting rights after the business combination: 100.0% (planned)

(7) The main reasons for deciding on the acquired companies

The Company plans to acquire shares in consideration of cash.

2. The breakdown of acquisition cost and consideration by type

The acquisition cost is currently being calculated.

The consideration for shares to be acquired on the date of business combination will be US \$ 257.1 million.

3. The amount of goodwill, cause of occurrence, method of amortization and amortization period

Not yet confirmed at the time of issuance of this report

4. The amount and details of assets to be accepted and liabilities assumed on the business combination date

Not yet confirmed at the time of issuance of this report