

Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2021 (Japanese Accounting Standards)

May 14, 2021

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 25, 2021
Scheduled date for submission of annual securities report: June 28, 2021
Scheduled date for payment of dividends: June 28, 2021
Supplementary documents for financial results : Yes
Financial results briefing : Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year ended March 2021 (April 1, 2020 to March 31, 2021)

(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, 2021	595,048	(5.6)	12,088	(42.2)	12,215	(38.6)	2,259	(81.1)
March 31, 2020	630,435	3.7	20,918	11.1	19,903	9.3	11,978	20.7

Note: Comprehensive income Fiscal Year ended March 31, 2021 5,324 million yen (-38.1 %)
Fiscal Year ended March 31, 2020 8,594 million yen (-11.7 %)

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating Margin
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2021	14.82	—	2.6	3.2	2.0
March 31, 2020	80.31	—	15.1	5.4	3.3

Note: Gain/loss on equity method investments: March 31, 2021 7 million yen March 31, 2020 8 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
March 31, 2021	396,023	85,430	21.5	560.87
March 31, 2020	365,853	86,793	23.7	563.30

Note: Shareholders' Equity: March 31, 2021 85,322 million yen March 31, 2020 86,613 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, 2021	29,686	(23,519)	1,753	37,643
March 31, 2020	33,575	(35,188)	(25,753)	28,928

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	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2020	-	10.00	-	10.00	20.00	3,036	24.9	3.8
March 31, 2021	-	10.00	-	10.00	20.00	3,044	135.0	3.6
March 31, 2022 (forecast)	-	10.00	-	10.00	20.00		33.3	

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2022 (April 1, 2021 to March 31, 2022)

(Percentages (%) indicate changes from the previous year)

	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)	336,091	16.7	9,530	—	8,643	—	3,627	—	23.84
Full year	688,063	15.6	22,516	86.3	20,789	70.2	9,139	304.5	60.08

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 : Yes
- (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, 2021	154,862,825 shares	As of March 31, 2020	154,862,825 shares
(ii) Number of treasury stocks at the end of the period	As of March 31, 2021	2,736,827 shares	As of March 31, 2020	1,102,736 shares
(iii) Average number of shares outstanding during the term (quarter cumulative)	FY ended March 31, 2021	152,514,861 shares	FY ended March 31, 2020	149,153,465 shares

Note: Please refer to "Per Share Information" on p.16 concerning the number of shares on which calculations of net profit per share (consolidated) are based.

(Reference)

1. Non-consolidated Financial Results for the Fiscal Year ended March 31, 2021 (April 1, 2020 to March 31, 2021)

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

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2021	238,248	(6.5)	4,776	86.4	4,699	(54.3)	2,622	(63.4)
March 31, 2020	254,937	0.2	2,562	(5.7)	10,276	42.3	7,159	13.7

	Basic earnings per share	Diluted earnings per share
Fiscal Year ended	Yen	Yen
March 31, 2021	17.20	—
March 31, 2020	48.00	—

(2) Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
March 31, 2021	360,602	75,884	21.0	498.83
March 31, 2020	350,250	79,891	22.8	519.58

Note: Shareholders' Equity: March 31, 2021 75,884 million yen March 31, 2020 79,891 million yen

- * This consolidated financial results report 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.5 of the Appendix for information on the above forecast.

Appendix: Table of contents

1. Overview of Management Results and Related Matters.....	2
(1) Overview of Management Results for the Term Under Review.....	2
(2) Overview of Financial Position for the Term Under Review.....	4
(3) Overview of Cash Flows for the Term Under Review.....	4
(4) Future Outlook.....	5
2. Basic Policy on Selection of Accounting Standards.....	5
3. Consolidated Financial Statements and Major Notes.....	6
(1) Consolidated Balance sheets	6
(2) Consolidated Statement of Income and Comprehensive Income	8
(3) Consolidated Statement of Changes in Shareholders' Equity.....	10
(4) Consolidated Statement of Cash Flows.....	12
(5) Notes on Consolidated Financial Statements	14
(Notes on Going Concern Assumptions)	14
(Changes in Accounting Policies)	14
(Segment Information)	14
(Per Share Information)	16
(Material Subsequent Events)	16

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, 2020 to March 31, 2021), economic condition in Japan was harsh due to the continued stagnant personal consumption and economic activities resulting from the global spread of the COVID-19.

In the restaurant industry, an extremely stringent situation continued as a result of the factors such as the request for self-quarantine and shortening of business hours from the government/municipalities.

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 96.1%, 78.8%, and 90.1% year-on-year, respectively.

Consequently, the business performance in the fiscal year under review showed sales of 595,048 million yen (down 5.6% year-on-year), operating profit of 12,088 million yen (down 42.2% year-on-year), ordinary profit of 12,215 million yen (down 38.6% year-on-year), and profit attributable to owners of parent of 2,259 million yen (down 81.1% year-on-year).

At the end of March 2021, the number of stores was 9,948 (including 4,395 franchised stores).

An overview of conditions by business segment is provided below.

1) Restaurant business

Sales of the Restaurant business in the fiscal year under review were 507,628 million yen (down 7.3% year-on-year), and the operating profit was 10,571 million yen (down 48.0% year-on-year) due to the protracted effect of the spread of COVID-19.

Although a reinforcement of sales operations to reflect the change of customers' lifestyle has been undertaken, the business environment remains harsh as the second emergency declaration was announced in January 2021.

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

(Gyudon category)

Sales in the Gyudon category in the fiscal year under review totaled 216,243 million yen (down 1.6% year-on-year).

Sukiya, a Gyudon chain operated by Sukiya Co., Ltd., has made efforts to enhance the product competitiveness by launching new products such as "Gyudon w/ Chili Garlic Sprout" (regular size: 500 yen), "Gyudon w/ Omelet" (regular size: 520 yen), and "Chili Bamboo Shoot Gyudon" (regular size: 520 yen).

At the same time, based on the theme of "delicious food at home", Sukiya has been working to accommodate customers' new lifestyle through various ways including offering take out hot pot dishes, which are Sukiya's regular winter products.

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 its business performance by undertaking effective sales promotions while enhancing product competitiveness through introduction of new and seasonal products, improvement of existing products, and expansion of take out product line up.

The number of restaurants in the Gyudon category at the end of March 2021 was 3,064 (including 9 franchised restaurants), as a result of 112 restaurant openings and 45 closures.

(Family Dining category)

Sales in the Family Dining category in the fiscal year under review were 94,192 million yen (down 21.8% year-on-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 dishes, improving the standard of

service across the chain, and further expansion of take out product line up.

Big Boy, the chain of hamburger steak and steak restaurants and other chain operated by Big Boy Japan, Inc., sought to improve its business performance by various ways, such as brushing up the main products, enriching salad bar and soup bar, which are highly supported by customers, and enhancing the take out products.

Jolly-Pasta, the pasta specialty restaurant chain, operated by Jolly-Pasta Co., Ltd., seeks to provide further deliciousness and fun to customers by expanding the line up of the menu, introducing new dishes using safe seasonal ingredients as a “pasta specialty restaurant that pursues deliciousness and fun.”

Barbeque restaurants including Takarajima, Jukusei Yakiniku Ichiban, Gyu-An, and Ichiban, operated by TAG-1 Co., Ltd., have been working to brush up the business concept, while making efforts to provide high quality products with carefully selected beef and seasonal ingredients, and to improve the quality of service levels at restaurants.

Hanaya Yohei, the Japanesecuisine restaurant chain operated by Hanaya Yohei Co., Ltd., has been working to improve customer satisfaction by various ways, including development of attractive Japanese style products using seasonal ingredients, improvement of service levels at restaurants, and improvement of labor productivity.

The number of restaurants in the Family Dining category at the end of March, 2021 was 1,265 (including 79 franchised restaurants), as a result of 43 restaurant openings and 140 closures.

(Fast Food Service category)

Sales in the Fast Food Service category in the fiscal year under review were 138,578 million yen (down 7.7% year-on-year).

Hamazushi, 100-yen sushi chain stores (kaiten-sushi restaurants) operated by Hamazushi Co., Ltd., sought to expand its businesses by increasing the number of restaurants, while working on various issues such as introducing special menu using seasonal ingredients, improving quality of products, enhancing service level, conducting promotions at stores, and expanding take out products line up.

The Chicken Rice Shop, specialty chicken rice chain stores operated by TCRS Restaurants Sdn. Bhd., obtained a halal certificate and developed shops throughout Malaysia, which are supported by families regardless of age and gender.

The number of restaurants in the Fast Food Service category at the end of March 2021 was 957 (including 1 franchised restaurant), as a result of 35 restaurant openings and 11 closures.

(Other category)

Sales in the Other category in the fiscal year under review were 58,614 million yen (up 2.2% year-on-year).

Main businesses in this category include Advanced Fresh Concepts Corp., which operates takeout sushi stores in the U.S., Canada, and Australia; Tolona Japan Co., Ltd., which sells frozen foods for home use, 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.

The number of stores in the Other category at the end of March 2021 was 4,533 (including 4,306 franchised stores), as a result of 195 store openings and 191 closures.

2) Retail Business

Sales in the Retail business in the fiscal year under review were 87,419 million yen (up 5.6% year-on-year), and the operating profit was 1,516 million yen (up 154.6% year-on-year).

The retail business includes the supermarket business operated by JOY MART CO., LTD.* and fruit and vegetables stores operated by United Veggies Co., Ltd.

* JOY MART CO., LTD. (former Maruya co., Ltd.) merged with and absorbed 4 group companies (Maruei Co., Ltd., Owariya Co., Ltd., Fresh Corporation Co., Ltd., and Attack Co., Ltd.) in March 2021, to further enhance the management of retail business.

The number of stores in the Retail business category at the end of March 2021 stood at 129 as a result of 2 store openings and 5 closures.

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

(Total Assets)

Total assets amounted to 396,023 million yen as of March 31, 2021, an increase of 30,169 million yen compared with the previous fiscal year-end. This increase was mainly due to increases in cash and deposits and property, plant and equipment.

(Liabilities)

Liabilities amounted to 310,592 million yen as of March 31, 2021, an increase of 31,532 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in interest-bearing liabilities.

(Net Assets)

Net Assets came at 85,430 million yen as of March 31, 2021, a decrease of 1,362 million yen compared with the previous fiscal year-end. This decrease was mainly due to purchase of treasury shares.

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

	Amount (million yen)
Beginning balance of cash and cash equivalents	28,928
Cash flow from operating activities	29,686
Cash flow from investing activities	(23,519)
Cash flow from financing activities	1,753
Ending balance of cash and cash equivalents	37,643
(reference) Free cash flow	6,166

At the end of the fiscal year under review, cash and cash equivalents (hereinafter referred to as “net cash”) amounted to 37,643 million yen, up 8,715 million yen from the beginning of the fiscal year under review. This was mainly due to an increase in interest-bearing liabilities resulted from acquisition of property, plant and equipment and subordinated loan financing, partly offset by purchase of treasury shares.

(Cash flow from operating activities)

Cash flow from operating activities resulted in an increase in net cash of 29,686 million yen. This was mainly due to depreciation recorded.

(Cash flow from investing activities)

Cash flow from investing activities resulted in a decrease in net cash of 23,519 million yen. This was mainly due to acquisition of property, plant and equipment in association with store openings.

(Cash flow from financing activities)

Cash flow from financing activities resulted in an increase in net cash of 1,753 million yen. This was mainly due to an increase in interest-bearing liabilities.

Note) Free cash flow is calculated using the following formula:

$$\text{Free cash flow} = \text{Cash flow from operating activities} + \text{Cash flow from investing activities}$$

(4) Future Outlook

As for the outlook for the next term, it is still difficult to predict when the spread of COVID-19 will come to an end although the inoculation program has partially started.

Under these circumstances, Zensho will take necessary measures to respond the changing situation in accordance with the guidelines and directions of government/municipalities, based on our basic policy to provide our customers safe and tasty food whenever possible as a “food infrastructure”.

Going forward, Zensho will strive to grow further, aiming to be the world No. 1 enterprise in the food industry that provides safe and delicious food at reasonable cost, taking advantage of our mass merchandising system (MMD), which is a business model that enables integrated design and management of the process from food procurement to manufacturing, distribution, and store sales, .

2. Basic Policy on Selection of Accounting Standard

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, 2020)	End of Current fiscal year (As of March 31, 2021)
Assets		
Current Assets		
Cash and deposits	28,928	37,643
Notes and accounts receivable - trade	13,937	22,401
Merchandise and finished goods	20,779	16,841
Work in process	782	813
Raw materials and supplies	6,237	7,810
Other	18,319	23,629
Allowance for doubtful accounts	(131)	(112)
Total current assets	88,853	109,026
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	205,939	204,127
Accumulated depreciation	(121,479)	(120,920)
Buildings and structures, net	84,459	83,207
Machinery, equipment and vehicles	14,833	15,512
Accumulated depreciation	(8,985)	(9,161)
Machinery, equipment and vehicles, net	5,847	6,351
Tools, furniture and fixtures	69,588	72,966
Accumulated depreciation	(48,821)	(51,470)
Tools, furniture and fixtures, net	20,766	21,496
Land	20,418	21,199
Leased assets	29,551	45,670
Accumulated depreciation	(10,800)	(15,641)
Leased assets, net	18,751	30,028
Construction in progress	979	715
Total property, plant and equipment	151,223	162,997
Intangible assets		
Trade mark right	37,992	38,812
Goodwill	17,426	15,186
Other	3,428	4,244
Total intangible assets	58,846	58,242
Investments and other assets		
Investment securities	2,507	2,668
Guarantee deposits	33,405	33,259
Long-term loans receivable	82	80
Long-term prepaid rent	18,054	17,107
Deferred tax assets	8,509	8,054
Other	4,277	4,546
Allowance for doubtful accounts	(14)	(14)
Total investments and other assets	66,823	65,701
Total non-current assets	276,894	286,941
Deferred assets		
Share issuance cost	30	19
Bond issuance cost	75	36
Total deferred assets	105	55
Total assets	365,853	396,023

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2020)	End of Current fiscal year (As of March 31, 2021)
Liabilities		
Current Liabilities		
Notes and accounts payable, trade	20,261	24,678
Short-term loans payable	1,441	1,149
Current portions of bonds	1,600	20,600
Current portion of long-term loans payable	23,647	35,735
Lease obligations	4,150	8,439
Income taxes payable	3,269	1,111
Provision	2,269	2,224
Other	33,424	35,607
Total current liabilities	90,064	129,545
Non-current liabilities		
Bonds payable	25,600	5,000
Long-term loans payable	128,500	132,641
Lease obligations	16,604	24,804
Net defined benefit liability	714	707
Asset retirement obligations	3,336	3,456
Deferred tax liabilities	10,652	10,919
Other	3,588	3,517
Total non-current liabilities	188,996	181,046
Total liabilities	279,060	310,592
Net assets		
Shareholders' equity		
Capital stock	26,996	26,996
Capital surplus	24,817	24,818
Retained earnings	42,090	41,230
Treasury shares	(2,260)	(5,827)
Total shareholders' equity	91,643	87,216
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(79)	(69)
Deferred gains or losses on hedges	(66)	431
Remeasurements of defined benefit plans	(35)	(11)
Foreign currency translation adjustment	(4,849)	(2,244)
Total accumulated other comprehensive income	(5,030)	(1,893)
Non-controlling interests	179	107
Total net assets	86,793	85,430
Total liabilities and net assets	365,853	396,023

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

	(Million yen)	
	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net Sales	630,435	595,048
Cost of Sales	267,680	254,469
Gross Profit	362,754	340,578
Selling, General and Administrative Expenses	341,835	328,490
Operating Profit	20,918	12,088
Other Income		
Interest income	548	380
Dividend income	4	5
Share of profit of entities accounted for using equity method	8	7
Rent income	141	130
Foreign exchange gains	—	208
Subsidy income	780	1,923
Other	707	740
Total non-operating income	2,189	3,396
Non-operating expenses		
Interest expenses	1,986	2,225
Rent expenses	60	64
Foreign exchange losses	57	—
Amortization of long-term prepaid expenses	535	474
Other	563	505
Total non-operating expenses	3,204	3,269
Ordinary profit	19,903	12,215
Extraordinary income		
Compensation income for expropriation	134	—
Insurance income	161	421
Compensation income	121	27
Subsidy for cooperation income	—	7,604
Other	78	44
Total extraordinary income	495	8,098
Extraordinary losses		
Loss on retirement of non-current assets	1,149	3,182
Impairment losses	2,405	2,260
Loss on COVID-19 infection control measures	—	7,864
Other	1,192	1,569
Total extraordinary losses	4,747	14,876
Net Profit before income taxes	15,650	5,437
Income taxes - current	5,969	2,833
Income taxes - deferred	(1,985)	427
Total income taxes	3,984	3,261
Net Profit	11,666	2,175
Profit attributable to non-controlling interests	(311)	(83)
Profit attributable to owners of parent	11,978	2,259

(Consolidated Statement of Comprehensive Income)

(Million yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net Profit	11,666	2,175
Other comprehensive income		
Valuation difference on available-for-sale securities	(7)	10
Deferred gains or losses on hedges	(65)	497
Remeasurements of defined benefit plans	192	23
Foreign currency translation adjustment	(3,187)	2,614
Share of other comprehensive income of entities accounted for using equity method	(2)	2
Total other comprehensive income	(3,071)	3,148
Comprehensive income	8,594	5,324
(Breakdown)		
Comprehensive income attributable to owners of parent	8,928	5,395
Comprehensive income attributable to non- controlling interests	(333)	(71)

(3) Consolidated Statement of Changes in Shareholders' Equity

Fiscal year ended March 31, 2020 (From April 1, 2019 to March 31, 2020)

(Million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	23,470	24,261	34,432	(8,021)	74,143
Cumulative effect of an accounting change			(919)		(919)
Beginning balance reflecting the accounting change	23,470	24,261	33,512	(8,021)	73,223
Changes during the period					
Issuance of new shares	3,525	3,525			7,051
Increase by share exchanges		6,603			6,603
Dividends from surplus			(2,807)		(2,807)
Profit attributable to owners of parent			11,978		11,978
Acquisition of treasury shares				(2,497)	(2,497)
Disposal of treasury shares		802		8,263	9,065
Acquisition of shares of parent company				(4)	(4)
Change of scope of consolidation			(593)		(593)
Change in shares of consolidated subsidiary		(10,162)			(10,162)
Change in treasury shares of parent arising from transactions with non-controlling shareholders		(212)			(212)
Changes during the period (net) in accounts other than shareholders' equity					
Total changes during the period	3,525	555	8,577	5,761	18,420
Ending balance	26,996	24,817	42,090	(2,260)	91,643

	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	(73)	(0)	(227)	(1,680)	(1,980)	14,920	87,083
Cumulative effect of an accounting change							(919)
Beginning balance reflecting the accounting change	(73)	(0)	(227)	(1,680)	(1,980)	14,920	86,163
Changes during the period							
Issuance of new shares							7,051
Increase by share exchanges							6,603
Dividends from surplus							(2,807)
Profit attributable to owners of parent							11,978
Acquisition of treasury shares							(2,497)
Disposal of treasury shares							9,065
Acquisition of shares of parent company							(4)
Change of scope of consolidation							(593)
Change in shares of consolidated subsidiary							(10,162)
Change in treasury shares of parent arising from transactions with non-controlling shareholders							(212)
Changes during the period (net) in accounts other than shareholders' equity	(5)	(65)	192	(3,169)	(3,049)	(14,740)	(17,790)
Total changes during the period	(5)	(65)	192	(3,169)	(3,049)	(14,740)	629
Ending balance	(79)	(66)	(35)	(4,849)	(5,030)	179	86,793

Fiscal year ended March 31, 2021 (From April 1, 2020 to March 31, 2021)

(Million yen)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	26,996	24,817	42,090	(2,260)	91,643
Changes during the period					
Dividends from surplus			(3,061)		(3,061)
Profit attributable to owners of parent			2,259		2,259
Acquisition of treasury shares				(3,571)	(3,571)
Disposal of treasury shares		0		3	4
Change of scope of consolidation			(58)		(58)
Changes during the period (net) in accounts other than shareholders' equity					
Total changes during the period	—	0	(859)	(3,567)	(4,426)
Ending balance	26,996	24,818	41,230	(5,827)	87,216

	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	(79)	(66)	(35)	(4,849)	(5,030)	179	86,793
Changes during the period							
Dividends from surplus							(3,061)
Profit attributable to owners of parent							2,259
Acquisition of treasury shares							(3,571)
Disposal of treasury shares							4
Change of scope of consolidation							(58)
Changes during the period (net) in accounts other than shareholders' equity	10	497	23	2,605	3,136	(72)	3,064
Total changes during the period	10	497	23	2,605	3,136	(72)	(1,362)
Ending balance	(69)	431	(11)	(2,244)	(1,893)	107	85,430

(4) Consolidated Statement of Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Cash flows from operating activities		
Profit before income taxes	15,650	5,437
Depreciation	21,999	24,775
Impairment losses	2,405	2,260
Amortization of goodwill	1,761	1,723
Amortization of negative goodwill	(2)	(2)
Increase (decrease) in allowance for doubtful accounts	(16)	(20)
Increase (decrease) in allowance for bonuses	(35)	(56)
Increase (decrease) in net defined benefit liability	71	23
Interest and dividend income	(552)	(385)
Interest expenses	1,986	2,225
Foreign exchange losses (gains)	133	94
Share of (profit) loss of entities accounted for using equity method	(8)	(7)
Loss (gain) on sales of investment securities	(0)	—
Loss (gain) on sales of property, plant and equipment	(4)	13
Loss on retirement of property, plant and equipment	1,039	2,284
Other extraordinary loss (income)	(49)	123
Other non-operating expenses (income)	(6)	(166)
Decrease (increase) in notes and accounts receivable - trade	309	(8,205)
Decrease (increase) in inventories	(309)	2,546
Increase (decrease) in notes and accounts payable - trade	(2,371)	4,095
Loss (gain) on valuation of investment securities	2	—
Subsidy for cooperation income	—	(7,604)
Increase (decrease) in accrued consumption taxes	1,286	4,603
Decrease (increase) in other current assets	1,867	1,732
Decrease (increase) in other non-current assets	877	661
Increase (decrease) in other current liabilities	(3,554)	(49)
Increase (decrease) in other non-current liabilities	(349)	(259)
Subtotal	42,130	35,843
Interest and dividend income received	286	137
Interest expenses paid	(1,988)	(2,200)
Income taxes paid	(6,853)	(4,874)
Subsidy for cooperation income received	—	779
Net cash provided by (used in) operating activities	33,575	29,686

(Million yen)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Cash flows from investing activities		
Purchase of property, plant and equipment	(23,980)	(20,286)
Proceeds from sales of property, plant and equipment	964	42
Purchase of intangible assets	(1,030)	(1,135)
Purchase of long-term prepaid expenses	(167)	(339)
Purchase of long-term investment securities	(1,915)	(403)
Proceeds from sales of long-term investment securities	3	—
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(6,634)	—
Payments of loans receivable	(557)	(150)
Payments for guarantee deposits	(961)	(1,170)
Proceeds from collection of guarantee deposits	1,120	1,352
Expenditures on lease premiums	(70)	(50)
Purchase of long term prepaid rents	(1,542)	(1,158)
Other, net	(417)	(220)
Net cash provided by (used in) investing activities	(35,188)	(23,519)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	628	(244)
Proceeds from long-term loans payable	10,488	41,453
Repayments of long-term loans payable	(25,006)	(25,367)
Repayments of lease obligations	(3,433)	(5,863)
Purchase of treasury stock	(2,497)	(3,571)
Proceeds from sales of treasury shares	4	4
Purchase of treasury stock of consolidated subsidiary	(1,802)	—
Redemption of bonds	(1,600)	(1,600)
Cash dividends paid	(2,803)	(3,056)
Dividends paid to non-controlling interests	(109)	(1)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(150)	—
Others	527	—
Net cash provided by (used in) financing activities	(25,753)	1,753
Effect of exchange rate change on cash and cash equivalents	(1,399)	746
Net increase (decrease) in cash and cash equivalents	(28,765)	8,666
Beginning balance of cash and cash equivalents	57,240	28,928
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	453	49
Ending balance of cash and cash equivalents	28,928	37,643

(5) Notes on Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Changes in Accounting Policies)

The overseas subsidiaries have adopted IFRS 16 “Leases” from the consolidated fiscal year under review. Accordingly, right-of-use assets and lease obligations are recognized for lease as a lessee transaction, and depreciation for the right-of-use assets and interest payable on such lease obligations are recorded as a transitional measurement.

Upon applying this standard, in the balance sheet as of March 31, 2021, “Leased assets, net” in the property, plant and equipment, net, and “Lease obligations” in the total liabilities showed increases of 7,492 million yen and 7,243 million yen, respectively, and “Other” in the current assets showed a decrease of 248 million yen.

As a result, for the consolidated fiscal year under review, operating profit increased by 14 million yen and ordinary profit and net profit before income taxes decreased by 55 million yen and 140 million yen, respectively, compared with the figures calculated using the previous method. In addition, in the consolidated statement of cash flows, cash flow from operating activities increased by 586 million yen and cash flow from financing activities decreased by the same amount.

The effect on the per share information for the consolidated fiscal year under review is immaterial.

(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.

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, 2019 to March 31, 2020)

(Million yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	547,677	82,757	630,435	—	630,435
Intersegment Sales or Transfers	2,374	27	2,401	(2,401)	—
Total	550,052	82,784	632,836	(2,401)	630,435
Segment Profit	20,322	595	20,917	0	20,918
Other Items					
Depreciation	21,003	1,045	22,048	(49)	21,999
Amortization of goodwill	1,230	531	1,761	—	1,761

- (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 17,426 million yen.
4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

Current Fiscal Year (From April 1, 2020 to March 31, 2021)

(Million yen)

	Reporting segments		Total	Adjustment (Note1)	Amount on consolidated balance sheet (Note2)
	Restaurant business	Retail business			
Net Sales					
Sales to External Customers	507,628	87,419	595,048	—	595,048
Intersegment Sales or Transfers	2,823	25	2,849	(2,849)	—
Total	510,451	87,445	597,897	(2,849)	595,048
Segment Profit	10,571	1,516	12,087	0	12,088
Other Items					
Depreciation	23,739	1,085	24,825	(50)	24,775
Amortization of goodwill	1,192	531	1,723	—	1,723

- (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 15,186 million yen.
4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

(Per Share Information)

	Previous fiscal year (From April 1, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net assets per share	563.30 yen	560.87 yen
Net profit per share	80.31 yen	14.82 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, 2019 to March 31, 2020)	Current fiscal year (From April 1, 2020 to March 31, 2021)
Net profit attributable to owners of parent (million yen)	11,978	2,259
Amount not attributable to ordinary shareholders (million yen)	—	—
Net profit attributable to owners of parent relating to common stocks (million yen)	11,978	2,259
Average number of shares during the period (shares)	149,153,465	152,514,861

(Material Subsequent events)

Not applicable.