

## Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2023 (Japanese Accounting Standards)

February 10, 2023

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 submission of quarterly securities report: February 10, 2023  
 Scheduled date for payment of dividends : -  
 Supplementary documents for quarterly results : No  
 Quarterly results briefing : No

(Figures rounded down to the nearest million yen)

### 1. Consolidated Financial Results for the Cumulative Third Quarter (April 1, 2022 to December 31, 2022)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2022	579,239	17.5	14,602	34.6	21,143	17.7	11,132	(17.7)
December 31, 2021	493,171	10.0	10,850	35.0	17,963	125.8	13,528	-

Note: Comprehensive income Nine months ended December 31, 2022 13,481 million yen (19.6) %  
 Nine months ended December 31, 2021 16,759 million yen (-) %

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Nine months ended December 31, 2022	73.25	-
December 31, 2021	88.93	-

#### (2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
December 31, 2022	462,885	111,511	24.0	730.72
March 31, 2022	427,172	104,486	24.2	679.19

Note: Shareholders' Equity: December 31, 2022 110,940 million yen March 31, 2022 103,320 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, 2022	-	11.00	-	11.00	22.00
Fiscal year ending March 31, 2023	-	12.00	-		
Fiscal year ending March 31, 2023 (forecast)				12.00	24.00

Note: Revisions to dividend forecasts published recently : None

### 3. Consolidated Forecasts for Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

(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	
Full year	745,549	13.2	25,000	170.8	24,673	6.7	14,027	1.1		92.21

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 shares)	As of December 31, 2022	154,862,825 shares	As of March 31, 2022	154,862,825 shares
(ii) Number of treasury shares at the end of the period	As of December 31, 2022	3,038,063 shares	As of March 31, 2022	2,740,712 shares
(iii) Average number of shares outstanding during the term (quarter cumulative)	Nine months ended December 31, 2022	151,987,949 shares	Nine months ended December 31, 2021	152,124,447 shares

Note: A performance-linked compensation system (BBT, or Board Benefit Trust) was introduced in the second quarter of the fiscal year ending March 31, 2023. In the calculation of the number of treasury shares at the end of the period and the average number of shares outstanding during the term, the number of treasury shares held by Custody Bank of Japan, Ltd. (Trust Account) as assets in the Trust (The number of shares at the end of the period of 292,500 shares and the average number of shares outstanding during the term of 131,478 shares) are treated as treasury shares to be deducted.

※ This quarterly consolidated financial results report is exempt from quarterly review of certified accountants and/or auditing firms.

※ 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.3 of the Appendix for information on the above forecast.

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## 1. Qualitative Information on Results for the Cumulative Third Quarter Ended December 31, 2022

### (1) Details of Consolidated Financial Results

In the cumulative third quarter of the fiscal year ending March 31, 2023 (from April 1, 2022 to December 31, 2022), the business performance showed sales of 579,239 million yen (up 17.5% year-on-year), operating profit of 14,602 million yen (up 34.6% year-on-year), ordinary profit of 21,143 million yen (up 17.7% year-on-year), and profit attributable to owners of parent of 11,132 million yen (down 17.7% year-on-year).

With the recovery in human flow, sales in the restaurant business in Japan and overseas were on a recovery track, although the business environment in Japan was affected by the seventh and eighth waves of COVID-19 after the lifting of priority measures to prevent the spread of COVID-19 infection at the end of the previous fiscal year.

However, business environment remains harsh for the restaurant industry, as the prolonged situation in Ukraine has caused raw material and energy prices to soar and the yen to depreciate sharply.

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 108.7%, 127.4%, and 120.1% year-on-year, respectively.

At the end of December 2022, the number of stores was 10,216 (including 4,550 franchised stores), resulting from 335 store openings and 199 closures.

An overview of conditions by business segment is provided below.

#### 1) Restaurant business

Sales of the restaurant business in the cumulative third quarter of the fiscal year were 520,015 million yen (up 20.2% year-on-year), and the operating profit was 16,333 million yen (up 52.2% year-on-year).

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

##### (Gyudon category)

Sales in the Gyudon category in the cumulative third quarter of the fiscal year totaled 195,070 million yen (up 11.5% year-on-year).

Sukiya, a Gyudon chain, has aggressively launched new products and seasonal specialties such as "Sukiyaki Style Gyudon" (regular size 580 yen), "Gyudon w/ Shredded Leek" (regular size: 580 yen) and "Beef Stock & Pork Curry Rice with Char-Grilled Tender Chicken Leg" (regular size: 690 yen).

Nakau, a rice bowl dishes and Kyoto-style udon noodle chain, has made active efforts including improvement of existing products to strengthen the product appeal.

The number of restaurants in the Gyudon category at the end of December 2022 was 3,098 (including 7 franchised restaurants), as a result of 70 restaurant openings and 50 closures.

##### (Family Dining category)

Sales in the Family Dining category in the cumulative third quarter of the fiscal year were 85,324 million yen (up 27.1% year-on-year).

Coco's, a standard restaurant chain, has made efforts to improve its business performance by enhancing the products' competitiveness through active introduction of fair menus, pursuing the authentic taste rivaling specialty restaurants, and improving the standard of services to enable customers enjoy the meal with satisfaction.

Jolly-Pasta, a pasta specialty restaurant chain, has worked to introduce new pasta products using tasty seasonal ingredients, as well as expand non-pasta products such as hand-made pizza, salad, appetizers, etc., as a "pasta specialty restaurant that pursues deliciousness and fun."

In addition to the above, Family Dining category includes Big Boy, a chain of hamburger steak and steak restaurants, Jukusei Yakiniku Ichiban, a barbeque chain that offers carefully selected beef, Hanaya Yohei, a Japanese cuisine chain, and OLIVE HILL, an Italian cuisine specialty restaurant chain.

The number of restaurants in the Family Dining category at the end of December, 2022 was 1,206 (including 78 franchised restaurants), as a result of 15 restaurant openings and 34 closures.

(Fast Food Service category)

Sales in the Fast Food Service category in the cumulative third quarter of the fiscal year were 141,679 million yen (up 27.3% year-on-year).

Hamazushi, a 100-yen sushi chain, has endeavored to actively introduce fair menus, enhance quality of products, and improve the productivity.

In addition to the above, the Fast Food Service category includes Kyubeiya, which offers Musashino udon noodle and tempura, and The Chicken Rice Shop, a chicken rice specialty chain with halal certificate which operates mainly in Malaysia.

The number of restaurants in the Fast Food Service category at the end of December, 2022 was 999 (including 1 franchised restaurant), as a result of 38 restaurant openings and 8 closures.

(Other category)

Sales in the Other category in the cumulative third quarter of the fiscal year were 97,940 million yen (up 23.7% year-on-year).

Advanced Fresh Concepts Corp. operates takeout sushi stores in the U.S., Canada, and Australia. Other main businesses in the Other category are Tolona Japan Co., Ltd. which sells frozen foods for home use, etc., Global Fresh Supply Co., Ltd. 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 December, 2022 was 4,781 (including 4,464 franchised stores), as a result of 211 store openings and 107 closures.

## 2) Retail Business

Sales in the Retail business in the cumulative third quarter of the fiscal year were 59,223 million yen (down 2.5% year-on-year), and the operating loss was 1,732 million yen (operating profit of 115 million yen in the same period of previous year). This is due to a sluggish sales growth compared to plan and increases in energy costs, delivery costs, etc.

The retail business includes JOY MART CO., LTD. which operates supermarket business and United Veggies Co., Ltd. which operates fruit and vegetables stores.

The number of stores in the Retail business category at the end of December, 2022 stood at 132 as a result of 1 store opening.

## (2) Details of Consolidated Financial Position

(Total Assets)

Total assets stood at 462,885 million yen as of December 31, 2022, an increase of 35,712 million yen compared with the previous fiscal year-end. This increase was mainly due to increases in cash and deposits, property, plant and equipment, and intangible assets.

(Liabilities)

Liabilities amounted to 351,373 million yen as of December 31, 2022, an increase of 28,686 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 111,511 million yen as of December 31, 2022, an increase of 7,025 million yen compared with the previous fiscal year-end. This increase was mainly due to an increase in retained earnings.

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

There are no changes to the consolidated business performance forecasts announced on May 13, 2022, for the period ending March 31, 2023.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly Consolidated Balance Sheet

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2022)	End of 3Q, Current fiscal year (As of December 31, 2022)
<b>Assets</b>		
<b>Current Assets</b>		
Cash and deposits	42,414	52,408
Accounts receivable - trade	24,460	31,684
Merchandise and finished goods	27,528	31,520
Work in process	998	1,150
Raw materials and supplies	10,340	13,405
Other	26,865	24,307
Allowance for doubtful accounts	(168)	(199)
Total current assets	132,439	154,278
<b>Non-current assets</b>		
Property, plant and equipment, net		
Buildings and structures	211,709	219,420
Accumulated Depreciation	(126,051)	(129,516)
Buildings and structures, net	85,658	89,904
Machinery, equipment and vehicles	16,078	17,736
Accumulated Depreciation	(9,686)	(10,538)
Machinery, equipment and vehicles, net	6,392	7,197
Other	154,180	168,702
Accumulated Depreciation	(77,567)	(86,167)
Other, net	76,612	82,534
Total property, plant and equipment	168,663	179,636
Intangible assets		
Trade mark right	45,569	49,000
Goodwill	13,106	12,037
Other	4,209	4,294
Total intangible assets	62,885	65,333
Investments and other assets		
Investment securities	1,883	2,051
Guarantee deposits	32,880	33,443
Other	28,372	28,112
Allowance for doubtful accounts	(14)	(48)
Total investments and other assets	63,121	63,558
Total non-current assets	294,671	308,528
Deferred assets	62	78
<b>Total assets</b>	<b>427,172</b>	<b>462,885</b>

(Million yen)

	End of Previous fiscal year (As of March 31, 2022)	End of 3Q, Current fiscal year (As of December 31, 2022)
<b>Liabilities</b>		
Current Liabilities		
Notes and accounts payable - trade	26,986	33,645
Short-term borrowings	459	6,978
Current portions of bonds payable	5,000	5,000
Current portion of long-term borrowings	24,380	18,113
Income taxes payable	8,785	2,465
Contract liabilities	643	739
Provisions	2,951	1,350
Other	40,541	56,581
<b>Total current liabilities</b>	<b>109,749</b>	<b>124,874</b>
Non-current liabilities		
Bonds payable	15,000	25,000
Long-term borrowings	151,659	153,215
Provisions	—	106
Retirement benefit liability	707	713
Asset retirement obligations	4,286	4,362
Other	41,283	43,099
<b>Total non-current liabilities</b>	<b>212,937</b>	<b>226,498</b>
<b>Total liabilities</b>	<b>322,686</b>	<b>351,373</b>
<b>Net assets</b>		
Shareholders' equity		
Share capital	26,996	26,996
Capital surplus	24,823	23,810
Retained earnings	51,080	58,444
Treasury shares	(5,839)	(6,912)
<b>Total shareholders' equity</b>	<b>97,060</b>	<b>102,339</b>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(72)	(57)
Deferred gains or losses on hedges	684	(2,052)
Remeasurements of defined benefit plans	18	23
Foreign currency translation adjustment	5,629	10,688
<b>Total accumulated other comprehensive income</b>	<b>6,259</b>	<b>8,601</b>
Non-controlling interests	1,165	571
<b>Total net assets</b>	<b>104,486</b>	<b>111,511</b>
<b>Total liabilities and net assets</b>	<b>427,172</b>	<b>462,885</b>

(2) Quarterly Consolidated Statements of Income and Comprehensive Income  
(Quarterly Consolidated Statements of Income)  
(Cumulative Third Quarter)

	(Million yen)	
	Cumulative 3Q, Previous fiscal year (From April 1, 2021 to December 31, 2021)	Cumulative 3Q, Current fiscal year (From April 1, 2022 to December 31, 2022)
Net sales	493,171	579,239
Cost of sales	233,074	272,985
Gross profit	260,096	306,254
Selling, general and administrative expenses	249,246	291,651
Operating profit	10,850	14,602
Non-operating income		
Interest income	383	299
Dividend income	5	4
Foreign exchange gains	506	1,656
Share of profit of entities accounted for using equity method	6	6
Subsidy income	8,148	6,556
Other	839	873
Total non-operating income	9,889	9,397
Non-operating expenses		
Interest expenses	2,003	2,098
Other	772	758
Total non-operating expenses	2,776	2,856
Ordinary profit	17,963	21,143
Extraordinary income		
Compensation income	280	219
Subsidy for cooperation income	21,506	—
Other	118	120
Total extraordinary income	21,905	339
Extraordinary losses		
Loss on retirement of non-current assets	2,059	1,834
Loss on COVID-19 infection control measures	11,141	—
Other	3,609	1,006
Total extraordinary losses	16,810	2,841
Profit (loss) before income taxes	23,059	18,642
Income taxes - current	8,687	6,643
Income taxes - deferred	830	851
Total income taxes	9,518	7,494
Profit (loss)	13,540	11,147
Profit (loss) attributable to non-controlling interests	11	14
Profit (loss) attributable to owners of parent	13,528	11,132



(Quarterly Consolidated Statements of Comprehensive Income)  
(Cumulative Third Quarter)

	(Million yen)	
	Cumulative 3Q, Previous fiscal year (From April 1, 2021 to December 31, 2021)	Cumulative 3Q, Current fiscal year (From April 1, 2022 to December 31, 2022)
Profit (Loss)	13,540	11,147
Other comprehensive income		
Valuation difference on available-for-sale securities	(4)	15
Deferred gains or losses on hedges	(35)	(2,737)
Remeasurements of defined benefit plans, net of tax	8	5
Foreign currency translation adjustment	3,239	5,026
Share of other comprehensive income of entities accounted for using equity method	10	25
Total other comprehensive income	3,218	2,334
Comprehensive income	16,759	13,481
(Breakdown)		
Comprehensive income attributable to owners of parent	16,745	13,448
Comprehensive income attributable to non- controlling interests	14	32

(3) 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.

(Additional Information)

(Board Benefit Trust (BBT))

The Company introduced a performance-linked compensation system (BBT, or Board Benefit Trust) based on a resolution at the 40th Ordinary General Meeting of Shareholders held on June 24, 2022 for the Directors and Executive Officers (excluding Outside Directors, hereinafter, "the Directors, etc.").

(1) Overview of the deal

The system is a performance-linked stock compensation system under which the Company's shares will be acquired through a trust with cash contributed by the Company as the source of funds, and the Company's shares and cash equivalent to the amount obtained by converting the Company's shares at fair value will be paid to Directors, etc., in accordance with the Executive Stock Benefit Regulations established by the Company. In principle, the time when Directors, etc., receive the Company's Shares, etc., will be after their retirement from office.

(2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded as treasury shares of the net assets at an carrying amount of the trust (excluding incidental expenses). Carrying amount and number of shares of such treasury shares are 1,056 million yen and 292 thousand shares, respectively, as at the end of the third quarter of the fiscal year.

(3) Carrying amount of borrowings recorded using gross method

Not applicable.

(Segment Information)

【Segment Information】

I Third quarter of Previous Fiscal Year (From April 1, 2021 to December 31, 2021)

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	432,448	60,722	493,171	—	493,171
Intersegment Sales or Transfers	2,029	104	2,134	(2,134)	—
Total	434,478	60,826	495,305	(2,134)	493,171
Segment Profit	10,731	115	10,846	3	10,850

(Note) 1. Adjustment amount of segment profit/(loss) of 3 million yen 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 Third quarter of Fiscal Year (From April 1, 2022 to December 31, 2022)

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	520,015	59,223	579,239	—	579,239
Intersegment Sales or Transfers	2,775	380	3,156	(3,156)	—
Total	522,791	59,603	582,395	(3,156)	579,239
Segment Profit	16,333	(1,732)	14,601	1	14,602

(Note) 1. Adjustment amount of segment profit/(loss) of 1 million yen 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.