

Expanding the MMD system  
to every corner of the world.

*Every person takes the limits of their own  
field of vision for the limits of the world.*  
– Schopenhauer

A train running on the San-in Line along the Sea of Japan, Shimane Prefecture

Second Quarter of Fiscal Year Ending March 31, 2023

# Interim Report

From April 1, 2022 to September 30, 2022

**ZÉNSHO**

Zensho Holdings Co., Ltd.

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### Kentaro Ogawa

Representative Director, Chairman, President & CEO  
Zensho Holdings Co., Ltd.

Thank you for your continued kind support.

In the first half of the fiscal year ending March 31, 2023 (April 1, 2022 to September 30, 2022), net sales in the Restaurant business showed a recovery trend in Japan as movement restrictions associated with COVID-19 were eased and economic activity resumed in earnest. Meanwhile, in the overseas business, although lockdowns continue in some areas in China due to the zero-COVID policy, other countries and regions have shown signs of revitalization.

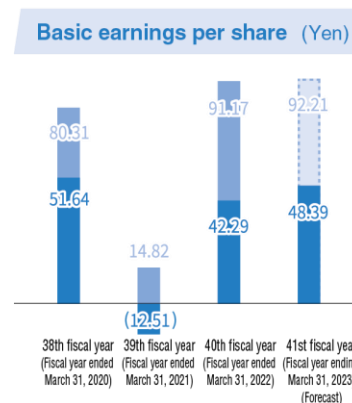
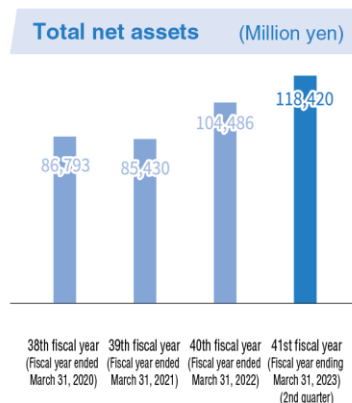
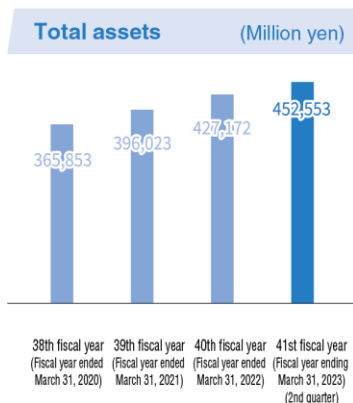
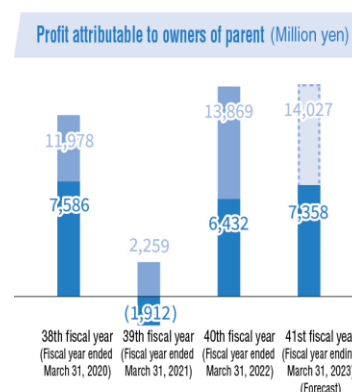
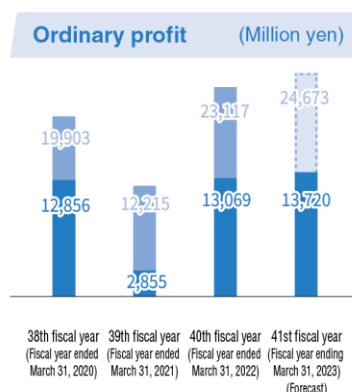
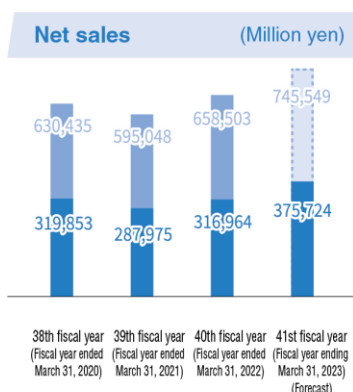
In the second half of the current fiscal year, business conditions remained challenging due to the unstable international situation, which led to a steep rise in global raw materials and energy prices, as well as sharp exchange rate fluctuations. We will promote various sales measures to further improve our business results. In each category of Restaurant and Retail businesses, we will focus on the development of attractive products to continue to provide a variety of further upgraded appealing products that are “delicious to eat” and “fun to look at.” The driving force behind these businesses is the Mass Merchandising System (MMD) unique to the Zensho Group. We will strive to establish a system that allows us to procure raw materials from all over the world with peace of mind and continue to provide safe, high-quality, and delicious products on a global scale. We hope that you, our shareholders, will continue to support us as partners in realizing our philosophy of eradicating hunger and poverty from the world.

(Reference)

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2023 (April 1, 2022 to March 31, 2023)

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
<b>745,549</b> million yen	<b>25,000</b> million yen	<b>24,673</b> million yen	<b>14,027</b> million yen	<b>92.21</b> yen
Up 13.2% year on year	Up 170.8% year on year	Up 6.7% year on year	Up 1.1% year on year	

Net sales	Operating profit
<b>375,724 million yen</b> Up 18.5% year on year	<b>8,150 million yen</b> Down 5.6% year on year
Ordinary profit	Profit attributable to owners of parent
<b>13,720 million yen</b> Up 5.0% year on year	<b>7,358 million yen</b> Up 14.4% year on year



\*As initially planned, we will pay interim dividends of 12 yen per share and year-end dividends of 12 yen per share, total annual dividends of 24 yen per share.

■ Full year      ■ Second quarter

### -Restaurant Business-

Net sales in the Restaurant business for the first six months of the fiscal year under review were 337,166 million yen (up 21.8% year on year) and operating profit was 9,591 million yen (up 11.2% year on year).

Gyudon category	Fast Food category
<p>Net sales in the Gyudon category for the first six months of the fiscal year under review totaled 126,734 million yen (up 10.9% year on year).</p> <p>Sukiya, a Gyudon chain, proactively introduced new and seasonal products such as the “Gyudon w/ Spicy Cheesy Tomato, Kale &amp; Nuts” (regular size: 650 yen), “Gyudon w/ Chili Garlic Sprout” (regular size: 550 yen), and “Sukiyaki Style Gyudon” (regular size: 580 yen).</p> <p>Nakau, a rice bowl dishes and Kyoto-style udon noodle chain, has actively sought to enhance product competitiveness through improvement of existing products.</p> <p>The number of restaurants in the Gyudon category at the end of September 2022 was 3,092 (including 7 franchised restaurants), as a result of 41 restaurant openings and 27 closures.</p>	<p>Net sales in the Fast Food category for the first six months of the fiscal year under review totaled 91,405 million yen (up 30.5% year on year).</p> <p>Hama-Sushi, a 100-yen sushi chain (kaiten sushi restaurant), has sought to actively introduce special menus, improve the quality of products, and enhance productivity. Other restaurants in this category include Kyubeiya, a restaurant serving Musashino udon noodles and tempura, and The Chicken Rice Shop, a specialty chicken rice chain which has obtained a halal certificate and develops shops throughout Malaysia, etc.</p> <p>The number of restaurants in the Fast Food category at the end of September 2022 was 984 (including 1 franchised restaurant), as a result of 21 restaurant openings and 6 closures.</p>
Family Dining category	Other category
<p>Net sales in the Family Dining category for the first six months of the fiscal year under review totaled 54,871 million yen (up 32.7% year on year).</p> <p>Coco’s, a standard restaurant chain, has made efforts to improve its business performance by strengthening its product line up through active introduction of campaign dishes, pursuing authentic flavors that rival those of specialty restaurants, and improving the standard of service to ensure that customers are satisfied with their dining experience.</p> <p>Jolly-Pasta, a pasta specialty restaurant chain, has introduced new dishes using delicious seasonal ingredients and expanded its menu lineup in addition to pasta, such as house-made pizza, salads, and appetizers, as a “pasta specialty restaurant that pursues deliciousness and fun.”</p> <p>Other restaurants in this category include Big Boy, which serves steaks and hamburger steaks, Jukusei Yakiniku Ichiban, a barbecue restaurant chain serving carefully selected beef, Hanaya Yohei, a Japanese cuisine restaurant, and Olive Hill, a restaurant specializing in authentic Italian cuisine, etc.</p> <p>The number of restaurants in the Family Dining category at the end of September 2022 was 1,214 (including 79 franchised restaurants), as a result of 11 restaurant openings and 21 closures.</p>	<p>Net sales in the Other category for the first six months of the fiscal year under review totaled 64,154 million yen (up 25.3% year on year).</p> <p>Advanced Fresh Concepts Corp. operates takeout sushi stores in the U.S., Canada, and Australia.</p> <p>Other major business types in this category include 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.</p> <p>The number of stores in the Other category at the end of September 2022 was 4,731 (including 4,454 franchised stores), as a result of 129 store openings and 75 closures.</p>

### -Retail Business-

Net sales in the Retail business for the first six months of the fiscal year under review were 38,558 million yen (down 3.9% year on year), and the operating loss was 1,442 million yen (operating profit of 9 million yen in the previous fiscal year). This is due to sluggish growth in net sales compared to plans and higher energy and delivery costs, etc.

The Retail business includes the supermarket business operated by Joy Mart Co., Ltd. and fruit and vegetables stores operated by United Veggies Co., Ltd.

The number of stores in the Retail business category at the end of September 2022 stood at 130 as a result of 1 store opening.

## -Sales Composition by Segment-

The figure below shows the logos of significant subsidiaries and businesses of the Group.

### ■ Retail business

**38,558 million yen**

(Group sales share: 10.3%)

■ Key brands:



### ■ Other category

**64,154 million yen**

(Group sales share: 17.1%)

■ Key brands:



### ■ Fast Food category

**91,405 million yen**

(Group sales share: 24.3%)

■ Key brands:



### ■ Restaurant business

**337,166 million yen**

(Group sales share: 89.7%)

### ■ Gyudon category

**126,734 million yen**

(Group sales share: 33.7%)

■ Key brands:

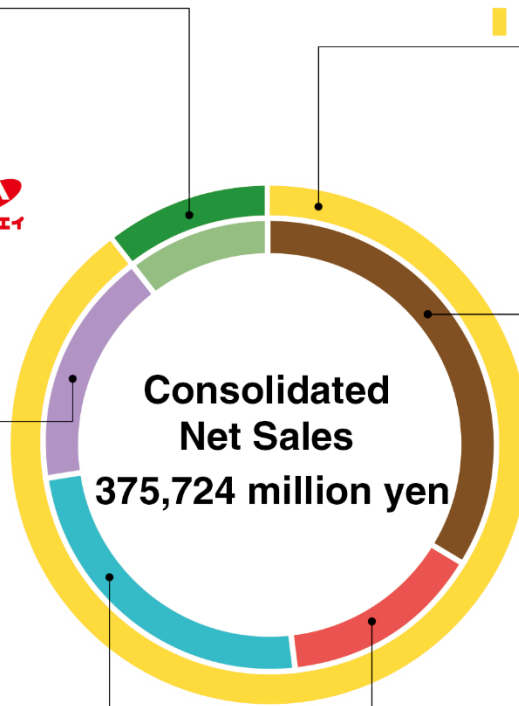


### ■ Family Dining category

**54,871 million yen**

(Group sales share: 14.6%)

■ Key brands:





Surrounded by children's smiles in the schoolyard



**ZENSHO FAIR TRADE**  
 -Republic of Rwanda-  
**Expanded home economics class initiatives**  
**Participated in joint recital**

In June 2022, we participated in a joint recital by elementary schools in Rwanda that are involved in a home economics class initiative. This initiative began in 2017, when a home economics classroom was completed in a school near a primary coffee bean processing plant, which was supported by a social development fund\*. Students from seven schools where home economics class has been introduced gathered for this event, and their lively presentations showed how these sewing, vegetable growing, and other classes are fostering teamwork and social skills. Some students made presentations in clothes they had sewn themselves, making use of the sewing skills they had learned in class. We are also contributing to the enrichment of children's lives through this initiative.

\*Social development fund: An amount of money from the purchase price of raw materials that is allocated to activities to improve the lives of local people in need.



Home economics classroom exterior



Distributing sewing kits



Students taking measurements for making clothes



Presenting achievements at the joint recital



Harvesting crops in the school's vegetable garden

TOPICS  
2

## Sukiya participated in Jingu Gaien Fireworks Festival for the first time in three years

On August 20, 2022, the Jingu Gaien Fireworks Festival was held for the first time in three years, and a Sukiya food truck operated a stall.

Since 2011, this fireworks festival has focused on supporting recovery efforts for the Great East Japan Earthquake. Furthermore, since 2016, it has been held as a charity event to support recovery from both the Great East Japan Earthquake and the Kumamoto Earthquake, and part of the proceeds are sent to the affected areas as donations. Sukiya has endorsed this activity and participated in this charity event from the very beginning. Sukiya offered a special menu for the day that was not available at its restaurants and livened up the festival with delicious food and energetic service.



Suki Bao



Seaweed Flake  
Gyudon



Mixed Berry  
Lemonade



Customers in line at the Sukiya booth



Experienced fish filleting

Tasting

TOPICS  
3

## Fish farmed at Shizuoka Prefectural Yaizu Fisheries High School sold at Hama-Sushi Yaizu

Collaboration between Hama-Sushi and a fisheries high school was made into reality at the suggestion of the “ZEAN” labor union. Zensho has a unique system called the Mass Merchandising System (MMD), in which everything from procurement of raw materials to manufacturing, processing, distribution, and sales and consumption at stores is planned, designed, and operated in an integrated manner. To have students from a fisheries high school experience this process, a trial was conducted in June 2022 to serve tiger pufferfish and flatfish farmed by the students at Hama-Sushi Yaizu. Students observed the process of fish delivery to the restaurant and experienced fish filleting and making sushi at the restaurant. They also had a chance to see how customers order and enjoy their food. The students from the fisheries high school expressed their appreciation, saying, “As a producer, it was a valuable experience for us to directly see the reaction of customers.”



Commemorative photo of all participating students

## Shareholder Benefit Program

To express our gratitude for your continued support, we offer **“Complimentary Dining Coupons for Shareholders”** to shareholders who hold 100 shares or more, which can be used at any Group restaurant.



100 shares or more and less than 300 shares	1,000 yen value coupons (500 yen x 2 coupons)
300 shares or more and less than 500 shares	3,000 yen value coupons (500 yen x 6 coupons)
500 shares or more and less than 1,000 shares	6,000 yen value coupons (500 yen x 12 coupons)
1,000 shares or more and less than 5,000 shares	12,000 yen value coupons (500 yen x 24 coupons)
5,000 shares or more	30,000 yen value coupons (500 yen x 60 coupons)

### Restaurants where coupons can be used



### About alternatives

Shareholders holding 300 or more shares are eligible to use the alternative product exchange program. (Examples of alternative products)



If unused and latest complimentary coupons for shareholders (worth 3,000 yen) are returned within the specified time limit, they can be exchanged for Zensho Group original products.



\*For details, please refer to the “Guide to Complimentary Dining Coupons for Shareholders” enclosed with the Complimentary Dining Coupons for Shareholders.

### Introduction of Zensho Group official online store

Zensho Group products can be purchased at the official online shopping site.



## Zensho Supporters Club [ZSC]

### Now recruiting members!!

This support association for the Zensho Group was established to build a relationship with shareholders as “wheels” who share our corporate vision that management and capital are “two wheels of the same vehicle.”

The purpose of this club is to nurture the Zensho Group together and enhance its corporate value.

### Benefits of ZSC Membership

- (1) Receive the ZSC Membership Magazine
- (2) Special trial coupons (discount coupons) that can be used at Group stores
- (3) Special sales of ZSC original products (mail order)

\*For details, please refer to the ZSC Membership admission guide request form.

<Contact>

ZSC Secretariat TEL: 0120-959-309

Hours of operation: 9:00 to 17:00 (expect Saturdays, Sundays, national holidays, year-end and New Year’s holidays)

### Major shareholders (Top 10)

Shareholder name	Number of shares hold (thousand shares)	Holding ratio (%)
Nihon Create LLC	52,307	34.38
The Master Trust Bank of Japan, Ltd. (Trust account)	10,825	7.11
Kentaro Ogawa	3,170	2.08
Kazumasa Ogawa	3,160	2.07
Yohei Ogawa	3,160	2.07
Zensho Group Employee Stock Ownership Association	2,876	1.89
Custody Bank of Japan, Ltd. (Trust account)	2,135	1.40
STATE STREET BANK WEST CLIENT - TREATY 505234	1,105	0.72
Nobutsugu Shimizu	1,027	0.67
Asahi Breweries, Ltd.	627	0.41

1. The holding ratio is calculated after excluding treasury stock (2,744,536 shares).
2. The number of shares held by Mr. Yohei Ogawa above includes the number of shares held by SMBC Trust Bank Ltd. (3,150,000 shares as of September 30, 2022) in accordance with the management trust agreement executed on February 20, 2022.

### Shareholder memo

Fiscal year: One year from each April 1 to March 31 of the following year

Shareholder fixed date for receipt of dividends: March 31 and September 30

Ordinary General Meeting of Shareholders: June of each year

Record date: March 31

If necessary, a certain date is set by prior public notice.

Shareholder registry administrator and: 1-4-1 Marunouchi, Chiyoda-ku, Tokyo

Special account management institution: Sumitomo Mitsui Trust Bank

Mailing address: 2-8-4 Izumi, Sugunami-ku, Tokyo, 168-0063

Stock Transfer Agency Department, Sumitomo Mitsui Trust Bank

Contact for inquiries: 0120-782-031 (toll free)

Hours of operation: 9:00 to 17:00 (expect Saturdays, Sundays, national holidays, year-end and New Year’s holidays)

Number of shares per unit: 100 shares

Method of public notice: In principle, public notice will be given on the Company’s website. In the event of an accident or other unavoidable events which prevent electronic public notice, such notice will be published in The Nikkei.