

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



Cape Muroto Lighthouse in Kochi Prefecture and the Pacific Ocean

Second Quarter of Fiscal Year Ending March 31, 2024

Interim Report

From April 1, 2023 to September 30, 2023

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, 2024 (April 1, 2023 to September 30, 2023), the business environment continued to be uncertain due to factors such as raw material and energy prices remaining high. Meanwhile, progress on the pandemic's resolution and the normalization of economic activity led to recovery in personal consumption, providing an opportunity for the Company to achieve increases in net sales and profit on a consolidated basis. Therefore, we have decided to pay interim dividends of 25 yen per share, an increase of 5 yen per share from the initial plan, in order to reward our shareholders for their continued support.

In the first half of the current fiscal year, Lotteria Co., Ltd., a hamburger restaurant chain, and SnowFox Topco Limited, which operates Japanese food businesses primarily in North America and the U.K., joined the Group. The Zensho Group's strengths are exemplified in our diverse selection of growth engines, including restaurants, retail, nursing care, and food procurement. We will continue to strive to become the world's leading force in the food industry, while pursuing Group synergies and expanding our operations.

In addition, we offer training at "Shoutoukyo," our Japanese culture center in Kyoto, to deepen employees' understanding of Japanese culture in our effort to continue to develop globally as an international corporation originating from Japan. On a global scale, strife and warfare persists in various countries around the world, driven by a myriad of issues such as economic struggles and differences in religion and culture. Through training, we endeavor to overcome various expressions of conflict by studying the spirit of treating others with compassion and respect, and while seeking further growth and development for the Company through our businesses, our officers and employees alike are committed to working together to create a company that is able to contribute to the stability and development of human society.

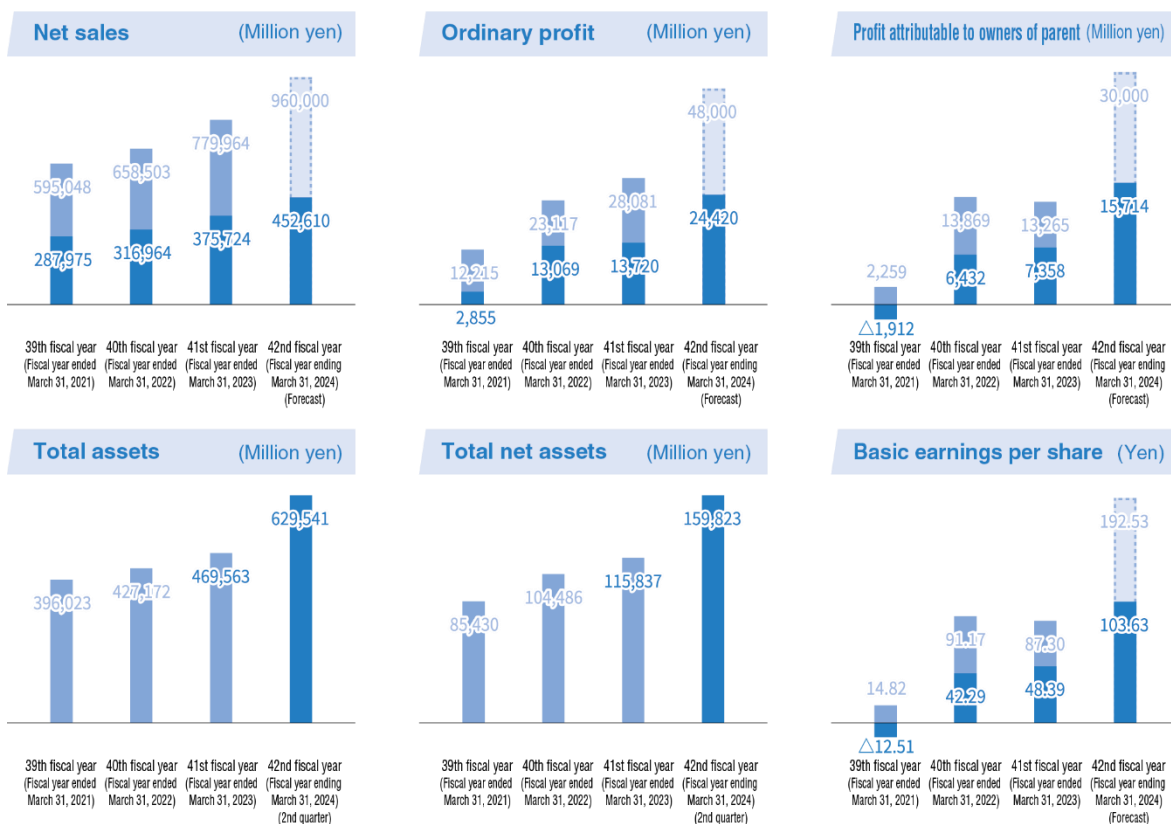
We hope that you, our shareholders, will continue to support us as partners in taking responsibility for the stability and development of human society as a whole and realizing our philosophy of eradicating hunger and poverty from the world.

(Reference)

Consolidated Earnings Forecast for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

Net sales	Operating profit	Ordinary profit	Profit attributable to owners of parent	Basic earnings per share
960,000 million yen Up 23.1% year on year	51,000 million yen Up 134.7% year on year	48,000 million yen Up 70.9% year on year	30,000 million yen Up 126.2% year on year	192.53 yen

Net sales		Operating profit	
452,610 million yen Up 20.5% year on year	↗	25,395 million yen Up 211.6% year on year	↗
Ordinary profit		Profit attributable to owners of parent	
24,420 million yen Up 78.0% year on year	↗	15,714 million yen Up 113.5% year on year	↗



*We will pay interim dividends of 25 yen per share, an increase of 5 yen per share from the initial plan, and year-end dividends of 25 yen per share, total annual dividends of 50 yen per share.

Legend: Full year (light blue), Second quarter (dark blue)

Global Sukiya

Net sales of Global Sukiya during the six months ended September 30, 2023, were 131,731 million yen (up 21.7% year-on-year) with operating profit of 10,133 million yen (up 365.2% year-on-year).

Sukiya has locations in Japan, China, Southeast Asia, and Central and South America, providing its mainstay Gyudon to families and groups with safety, good flavor, and reasonable pricing.

At domestic Sukiya, the Company provided “Gyudon with Cod Caviar Mayo & Cheese,” “Sukiyaki Style Gyudon with Raw Egg,” and “Gyudon with Green Onion, Salty Garlic Sauce & Lemon,” among others, and at Sukiya in China, menu items included “Canola Flower Gyudon” and “Mala Spice Green Bean Gyudon.” Additionally, the number of stores in this reporting segment as of the end of the second quarter ended September 30, 2023, was 2,623 (1,945 domestic, 678 overseas), the result of 50 store openings and 40 closures.

Global Hamasushi

Net sales of Global Hamasushi during the six months ended September 30, 2023, were 93,832 million yen (up 17.3% year-on-year) with operating profit of 4,910 million yen (up 19.1% year-on-year).

Hamasushi has locations mainly in Japan and China, providing menu items such as sushi, prepared with fresh seafood, alongside side menu items including noodles, desserts, and drinks. These foods are enjoyed by everyone, from children to adults.

Additionally, the number of stores in this reporting segment as of the end of the second quarter ended September 30, 2023, was 637 (588 domestic, 49 overseas), the result of 25 store openings and 1 closure.

Global Fast Food

Net sales of Global Fast Food during the six months ended September 30, 2023, were 99,458 million yen (up 30.4% year-on-year) with operating profit of 5,011 million yen (up 22.1% year-on-year).

Nakau mainly provides oyakodon rice bowl dishes and Kyoto-style udon noodles, with product offerings that can compete with specialty restaurants. Also domestically, the Company has restaurants such as Lotteria, a hamburger restaurant chain that joined the Group on April 1, 2023, Katsuan, a tonkatsu specialty restaurant, and Kyubeiya, which serves Musashino-style udon noodles. This reporting segment also includes overseas companies such as Advanced Fresh Concepts Corp., which provides sushi takeout, Sushi Circle Gastronomie GmbH, which joined the Group on May 23, 2023, and TCRS Restaurants Sdn. Bhd., a halal-certified chicken rice specialty restaurant.

Additionally, the number of stores in this reporting segment as of the end of the second quarter ended September 30, 2023, including SnowFox Topco Limited, which joined the Group on September 15, 2023, was 10,130 (1,001 domestic, 9,129 overseas; including 7,521 franchises), the result of 190 store openings and 56 closures.

Restaurants

Net sales of Restaurants during the six months ended September 30, 2023, were 68,917 million yen (up 25.6% year-on-year) with operating profit of 3,266 million yen (operating loss of 1,127 million yen in the six months ended September 30, 2022).

Coco’s, a standard restaurant chain, has made efforts to improve its business performance by enhancing product competitiveness through active introduction of fair menus with a focus on seasonality, pursuing authentic taste rivaling specialty restaurants, and improving the standard of services to enable customers to enjoy meals with satisfaction. This reporting segment also includes Jolly-Pasta, a pasta specialty restaurant chain, Big Boy, a chain of hamburger steak and steak restaurants, Jukusei Yakiniku Ichiban, a barbecue chain that offers carefully selected beef, Olive Hill, an Italian cuisine specialty restaurant chain, and Hanaya Yohei, a Japanese cuisine chain.

Additionally, the number of stores in this reporting segment as of the end of the second quarter ended September 30, 2023, was 1,200 (1,199 domestic, 1 overseas; including 78 franchises), the result of 15 store openings and 19 closures.

Retail

Net sales of Retail during the six months ended September 30, 2023, were 39,191 million yen (up 1.6% year-on-year) with an operating loss of 798 million yen (operating loss of 1,442 million yen in the six months ended September 30, 2022). The operating loss contracted as a result of revisions to management structures and suppliers.

This reporting segment includes Maruya and Joy Foods, supermarkets with locations primarily in the North Kanto area, and United Veggies Co., Ltd. which operates fruit and vegetables stores.

Additionally, the number of stores in this reporting segment as of the end of the second quarter ended September 30, 2023, was 133, the result of 2 store openings and 1 closure.

Corporate and Support

Net sales of Corporate and Support during the six months ended September 30, 2023, were 2,125 million yen (up 10.1% year-on-year) with operating profit of 2,967 million yen (up 793.8% year-on-year).

This reporting segment includes GFF, which manufactures and processes food, Global Fresh Supply Co., Ltd. which handles logistics functions, and Global Table Supply Co., Ltd. which procures uniforms, equipment, etc.

Others

Net sales of Others during the six months ended September 30, 2023, were 17,354 million yen (up 9.0% year-on-year) with an operating loss of 76 million yen (operating loss of 111 million yen in the six months ended September 30, 2022).

This segment includes Tolona Japan Co., Ltd., which sells frozen foods for home use, etc., Sanbishi Co., Ltd., which manufactures and sells soy sauce and dressing, etc., Kagayaki Co., Ltd., which operates the nursing business, and Zensho Rice Co., Ltd., which sells unpolished and polished rice.

-Sales Composition by Segment-

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

Other

17,354 million yen
(Group sales share: 3.8%)



Corporate and Support

2,125 million yen
(Group sales share: 0.5%)



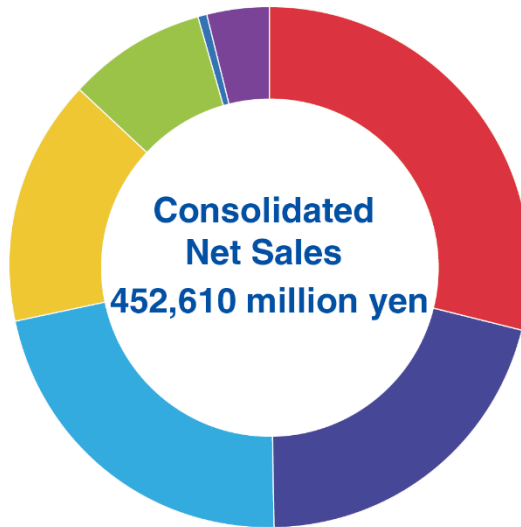
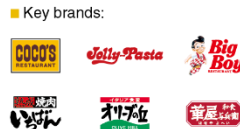
Retail

39,191 million yen
(Group sales share: 8.7%)



Restaurants

68,917 million yen
(Group sales share: 15.2%)



Global Sukiya

131,731 million yen
(Group sales share: 29.1%)



Global Hamasushi

93,832 million yen
(Group sales share: 20.7%)



Global Fast Food

99,458 million yen
(Group sales share: 22.0%)



Opened new type of Coco's restaurant at Kansai International Airport



Entrance featuring Fujin and Raijin, the wind and thunder gods



Irises at Yatsushashi (Eight Bridges)
by Korin Ogata



Folding screen for France - Song for spring
and song for autumn by Reiji Hiramatsu

On April 28, 2023, the Coco's Airport Dining Kansai International Airport Store was opened at the Terminal 2 Building of the Kansai International Airport. At this new concept restaurant for Coco's, the entrance features a large illustration of Fujin and Raijin, the wind and thunder gods, on the wall to wish diners a safe and comfortable flight. The restaurant's interior is designed to give international customers a feel of Japan's four seasons, and there are even unique menu items available only at the airport store. Feel free to stop by for a meal at Coco's when passing through Kansai International Airport.

Unique menu items only available at the airport store



Takeout
Pizza Margherita Slice
421 yen (tax incl.)



Shaved Ice (Strawberry
Milk)
539 yen (tax incl.)

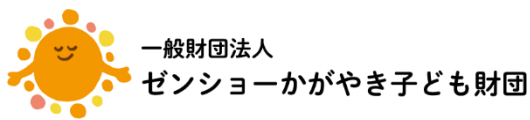


Hamburg Steak Foil Pack (Leeks,
Mushroom & Teriyaki Sauce)
1,309 yen (tax incl.)

TOPICS
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Provided hands-on work experience programs for children

In May 2023, the Zensho Kagayaki Children's Foundation arranged a hands-on program for children living in foster homes that included rice planting and supermarket work experiences at Joy Foods Sekiyado Namiki Store. The goal of this initiative is to provide a space for these children to think about the course of their future, career, and life through experiences related to working in the food industry.



Rice planting experience at a field on the grounds of the Group's Joy Foods Sekiyado Namiki Store



Experiencing the process of cutting fruit



Child receiving backpack, stationary, etc. from Zensho employee



ZENSHO FAIR TRADE – Nepal –

Nurturing dreams beyond the smiles

The “Zensho Scholarship Project” is a scholarship program paid for by social development funds* from a fair trade deal for tea in Nepal. Over seven years, up to 2022, this program has provided stationary and educational expenses for a total of 621 children.

This year, 65 children participated in the ceremony for presenting them with the donated stationary. A member from Zensho's Fair Trade Department handed each child a school backpack and stationary. The smiles on the children's faces as they tried on their new backpacks or waved goodbye as it was time to go home left a very strong impression. We will continue to give support to encourage these children in their determination to make their own dreams come true.

*Social development funds: An amount of money from product prices that is allocated to activities to improve the lives of local people.



Child wearing new backpack



Child affectionately holding their backpack

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 (toll free)

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 Co., Ltd.	52,307	34.62
The Master Trust Bank of Japan, Ltd. (Trust account)	10,891	7.21
Kentaro Ogawa	3,170	2.10
Kazumasa Ogawa	3,160	2.09
Yohei Ogawa	3,160	2.09
Zensho Group Employee Stock Ownership Association	2,802	1.86
Custody Bank of Japan, Ltd. (Trust account)	2,455	1.63
STATE STREET BANK WEST CLIENT - TREATY 505234	1,699	1.12
BNY GCM CLIENT ACCOUNT	1,424	0.94
JPRD AC ISG (FE-AC)		
SBI SECURITIES Co., Ltd.	925	0.61

1. The holding ratio is calculated after excluding treasury stock (3,775,941 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, 2023) 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, Suginami-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.