
Annual Securities Report

(Report pursuant to Article 24, Paragraph 1 of the Financial Instruments and Exchange Act of Japan)

The 42nd Fiscal Year
(April 1, 2023, to March 31, 2024)

Zensho Holdings Co., Ltd.

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PART I: COMPANY INFORMATION

I. OVERVIEW OF COMPANY

1. Summary of Business Results

(1) Business results of group

(Million yen, unless otherwise stated)

Term	38th	39th	40th	41st	42nd
Fiscal year-end	March 2020	March 2021	March 2022	March 2023	March 2024
Net sales	630,435	595,048	658,503	779,964	965,778
Ordinary profit	19,903	12,215	23,117	28,081	50,913
Profit attributable to owners of parent	11,978	2,259	13,869	13,265	30,693
Comprehensive income	8,594	5,324	22,080	18,180	40,807
Net assets	86,793	85,430	104,486	115,837	214,652
Total assets	365,853	396,023	427,172	469,563	748,056
Net assets per share (yen)	563.30	560.87	679.19	761.63	1,171.76
Basic earnings per share (yen)	80.31	14.82	91.17	87.30	195.41
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	23.7	21.5	24.2	24.6	28.7
Return on equity (%)	15.1	2.6	14.7	12.1	18.6
Price-earnings ratio (times)	25.7	191.1	31.4	45.0	33.0
Cash flows from operating activities	33,575	29,686	45,430	53,078	85,985
Cash flows from investing activities	(35,188)	(23,519)	(31,550)	(35,200)	(125,387)
Cash flows from financing activities	(25,753)	1,753	(11,986)	1,844	54,633
Ending balance of cash and cash equivalents	28,928	37,643	42,414	64,690	82,171
Number of employees [average number of part-time employees] (persons)	14,402 [50,148]	16,253 [51,125]	15,929 [51,118]	17,324 [56,313]	16,806 [66,418]

Notes: 1. Diluted earnings per share are not stated, as there is no potential share with dilutive effects.

2. The Group has applied the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the 40th term. Figures for the summary of business results from the 40th term onwards are presented after applying these accounting standards, etc.

3. The Company introduced Board Benefit Trust (BBT) in the 41st term. From the 41st term onwards, in the calculation of net assets per share, the Company shares held as trust assets for the BBT are included in the number of treasury shares deducted from the number of issued shares at the fiscal year-end, while in the calculation of basic earnings per share, those are included in the number of treasury shares deducted from the average number of shares outstanding during the period.

4. The Group has applied the “Accounting Standard for Current Income Taxes.” (ASBJ Statement No. 27, October 28, 2022) and the transitional treatment as provided for in the proviso to section 20-3 from the beginning of the 42nd term. Figures for the summary of business results for the 42nd term are presented after applying these accounting standards, etc.

(2) Business results of reporting company

(Million yen, unless otherwise stated)

Term	38th	39th	40th	41st	42nd
Fiscal year-end	March2020	March2021	March2022	March2023	March 2024
Net sales	254,937	238,248	216,433	256,344	294,751
Ordinary profit	10,276	4,699	5,571	13,436	7,782
Profit	7,159	2,622	5,415	11,961	7,530
Share capital	26,996	26,996	26,996	26,996	47,497
Total number of issued shares (shares)	154,862,825	154,862,825	154,862,825	154,862,825	160,733,225
Net assets	79,891	75,884	78,095	86,248	150,921
Total assets	350,250	360,602	373,293	400,507	535,482
Net assets per share (yen)	519.58	498.83	513.38	568.08	766.67
Dividends per share (yen)	20.00	20.00	22.00	24.00	50.00
[Interim dividend per share]	(10.00)	(10.00)	(11.00)	(12.00)	(25.00)
Basic earnings per share (yen)	48.00	17.20	35.60	78.72	43.93
Diluted earnings per share (yen)	—	—	—	—	—
Shareholders' equity ratio (%)	22.8	21.0	20.9	21.5	28.2
Return on equity (%)	10.6	3.4	7.0	14.6	6.3
Price-earnings ratio (times)	42.9	164.6	80.4	49.9	146.6
Payout ratio (%)	41.7	116.3	61.8	30.5	113.8
Number of employees [average number of part-time employees] (persons)	600 [129]	627 [146]	655 [144]	684 [109]	790 [115]
Total shareholder return (%) [Benchmark: TOPIX Net Total Return Index]	81.2 (90.5)	112.0 (128.6)	114.0 (131.2)	156.4 (138.8)	256.5 (196.2)
Highest share price (yen)	2,608	3,125	3,005	4,150	9,274
Lowest share price (yen)	1,677	1,731	2,528	2,835	3,910

Notes: 1. Diluted earnings per share are not stated, as there is no potential share with dilutive effects.

2. The highest and lowest share prices are those of the First Section of the Tokyo Stock Exchange before April 3, 2022, and of the Prime Market of the Tokyo Stock Exchange after April 4, 2022.

3. The Company has applied the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29, March 31, 2020), etc., from the beginning of the 40th term. Figures for the summary of business results from the 40th term onwards are presented after applying these accounting standards, etc.

4. The Company introduced Board Benefit Trust (BBT) in the 41st term. From the 41st term onwards, in the calculation of net assets per share, the Company shares held as trust assets for the BBT are included in the number of treasury shares deducted from the number of issued shares at the fiscal year-end, while in the calculation of basic earnings per share, those are included in the number of treasury shares deducted from the average number of shares outstanding during the period.

5. The Company has applied the "Accounting Standard for Current Income Taxes." (ASBJ Statement No. 27, October 28, 2022) and the transitional treatment as provided for in the proviso to section 20-3 from the beginning of the 42nd term. Figures for the summary of business results for the 42nd term are presented after applying these accounting standards, etc.

2. History

Date	Event
Jun. 1982	Zensho Co., Ltd. (currently Zensho Holdings Co., Ltd.) was established, and located its head office annexed to Yokohama factory in Tsurumi-ku, Yokohama in Kanagawa Prefecture, Japan.
Jul. 1982	Opened its first lunchbox shop (Namamugi shop) in Tsurumi-ku, Yokohama, Kanagawa Prefecture, Japan.
Nov. 1982	Opened its first “inside a building” Sukiya (Gyudon) restaurant (Namamugi Ekimae restaurant) in Tsurumi-ku, Yokohama, Kanagawa Prefecture, Japan.
Jul. 1987	Opened its first freestanding type restaurant (Mito restaurant) in Mito, Ibaraki Prefecture, Japan.
Aug. 1997	Shares listed on the Japan Securities Dealers Association over-the counter market.
Sep. 1999	Shares listed on the Second Section of the Tokyo Stock Exchange.
Jul. 2000	Acquired Coco’s Japan Co., Ltd. to enter the domestic restaurant business.
Oct. 2000	Established Techno Support Co., Ltd. (currently Techno Construction Co., Ltd.) to streamline furnishing and maintenance.
Nov. 2000	Established Global Foods Co., Ltd. (currently Zensho Tradings Co., Ltd.) to streamline raw material procurement.
Sep. 2001	Share listed on the First Section of the Tokyo Stock Exchange.
Jun. 2002	Established Global Table Supply Co., Ltd. to streamline procurement of consumables, equipment.
Oct. 2002	Established Hamasushi Co., Ltd., to operate sushi restaurant business.
Dec. 2002	Acquired Big Boy Japan, Inc. to expand domestic restaurant business.
Feb. 2004	Consolidated the headquarter functions and moved the head office to the current place (18-1, Konan 2-chome, Minato-ku, Tokyo, Japan).
Jan. 2005	Established Coco’s Shanghai Co., Ltd. (currently Zensho Restaurant (Shanghai) Co., Ltd.) to operate Sukiya in China.
Mar. 2005	Acquired Nakau Co., Ltd. to expand the fast-food business.
Sep. 2005	Established Food Safety Pursuing Department (currently Group Food Safety Assurance Division) to enhance the approach to food safety.
Apl. 2006	UD Foods Co., Ltd. (currently Sanbishi Co., Ltd.) acquired soy sauce manufacturing business from Sanbishi Co., Ltd.
May. 2006	Established Central Analysis Center to enhance the food safety initiatives.
Jun. 2006	Established Global Pizza System Co., Ltd. (currently Tolona Japan Co., Ltd.) in the manufacturing and sales business to sell frozen foods for home use, etc.
Aug. 2006	Established Global Fresh Supply Co., Ltd. to streamline logistics.
Feb. 2007	Acquired United Veggies Co., Ltd., to enter the fruit and vegetable sales business.
Mar. 2007	Acquired Sunday’s Sun Inc. (currently Jolly-Pasta Co., Ltd.) to expand domestic restaurant business. Launched fair trade initiatives in Democratic Republic of Timor-Leste.
Jul. 2007	Opened Sukiya (Gyudon) restaurant in Okinawa Prefecture and established the presence in all prefectures in Japan.
Aug. 2007	Acquired Inter-Vision Consortium Inc. (currently Human Logic Laboratory Co., Ltd.) to expand personnel strategy.
Jan. 2008	Established Zenshoen Co., Ltd. to enter the livestock business.
Jun. 2008	Established Global IT Service Co., Ltd. to streamline business through information technologies.
Aug. 2008	Established ZENSHO DO BRASIL COMERCIO DE ALIMENTOS LTDA to operate Sukiya in Brasil.
Oct. 2008	Acquired Hanaya Yohei Co., Ltd. to expand domestic restaurant business.
Dec. 2010	Established Zensho Best Crew Co., Ltd. to streamline the recruiting operation.
Feb. 2011	Established ZENSHO (THAILAND) CO., LTD. to operate Sukiya in Thailand.
May. 2011	Established Zensho Spin-Off Preparation Co., Ltd. (currently Sukiya Co., Ltd.).
Oct. 2011	Shifted to a holding company structure to start global business development and changed the corporate name from Zensho Co., Ltd. to Zensho Holdings Co., Ltd. Changed the corporate name from Zensho Spin-Off Preparation Co., Ltd. to Zensho Co., Ltd. (currently Sukiya Co., Ltd.). Established ZENSHO FOOD DE MEXICO S.A. DE C.V. to operate Sukiya in Mexico.
Dec. 2011	Established GFF CO., LTD. to expand manufacturing function.
Mar. 2012	Established ZENSHO FOODS MALAYSIA SDN. BHD. to operate Sukiya in Malaysia.
Apr. 2012	Established Zensho Business Service Co., Ltd. to promote employment of challenged persons and to support their self-reliance.
Oct. 2012	Established Zensho Clean Energy Co., Ltd. to conduct power generation business using natural energy sources and to supply and sell the electricity.
Nov. 2012	Acquired Maruya Co., Ltd. (currently JOY MART CO., LTD.) to enter retail business.
Jan. 2013	Established Zensho Rice Co., Ltd. in the manufacturing and sales business to sell brown and milled rice.

Date	Event
Apr. 2013	Established Zensho Taiwan Co., Ltd. to operate Sukiya in Taiwan. Established PT. ZENSHO INDONESIA. to operate Sukiya in Indonesia.
May. 2013	Acquired Pocino Foods Company in the U.S. to expand business and manufacturing function.
Oct. 2013	Acquired Maruei Co., Ltd. (currently JOY MART CO., LTD.) to expand retail business.
Dec. 2013	Established Nihon Retail Holdings, Co., Ltd. to oversee retail business.
Jan. 2014	Acquired Kaigo Service Kagayaki Co., Ltd. (currently Kagayaki Co., Ltd.) to enter the nursing care business.
Jun. 2014	Zensho Co., Ltd. (currently Sukiya Co., Ltd.) split off Kita-Nihon Sukiya Co., Ltd., Kanto Sukiya Co., Ltd., Tokyo Sukiya Co., Ltd., Chubu Sukiya Co., Ltd., Kansai Sukiya Co., Ltd., Chu-Shikoku Sukiya Co., Ltd. and Kyushu Sukiya Co., Ltd. as successor companies, to establish a local community-based restaurant management structure.
Aug. 2014	Acquired Owariya Co., Ltd. (currently JOY MART CO., LTD.) to expand retail business.
Oct. 2014	A Dining Co., Ltd. succeeded restaurant business and fast-food business from Zensho Co. Ltd. (currently Sukiya Co., Ltd.) by absorption-type split, to enable Zensho Co. Ltd. to concentrate, expand and further develop the Sukiya business.
Jan. 2015	Established Zensho USA Corporation to oversee Americas business.
Feb. 2015	Established Zensho Factory Holdings Co., Ltd. to oversee production department.
Apr. 2015	Established ZENSHO CooCa Co., Ltd. to introduce original e-money.
May. 2015	Established Kagayaki Nursery Facilities Co., Ltd. to operate in-house nursery facilities.
Jun. 2015	Acquired Mizushita Farm Co., Ltd. to expand livestock business.
Jul. 2015	TAG-1 Co., Ltd. succeeded restaurant business by absorption-type split and Zensho Café Co., Ltd. succeeded fast-food business by business transfer from A Dining Co., Ltd. to expand the business as a specialty restaurant. TR Factory Co., Ltd. succeeded manufacturing business of frozen pizza, etc. from Tolona Japan Co., Ltd. by absorption-type split, to streamline the operation through separation of the sales and manufacturing functions.
Jan. 2016	Established ZENSHO VIETNAM CO., LTD. to operate Sukiya in Vietnam.
Apr. 2016	ZENSHO ICHIBAN MALAYSIA SDN. BHD. acquired fast-food business to expand it in Malaysia.
Jul. 2016	Established Katsuan Co., Ltd. to expand fast-food business.
Sep. 2016	Kyubeiya Co., Ltd. and Setoudon Co., Ltd. succeeded fast-food business from A Dining Co., Ltd. by absorption-type split to expand the business as a specialty restaurant.
Nov. 2016	Acquired Royalhouse Ishioka Co., Ltd. and Senior Support Co., Ltd. to expand the nursing care business. Established Zensho China Holdings Co., Ltd. to oversee China business. Acquired Fujita Cooperation Co., Ltd. (currently JOY MART CO., LTD.) to expand retail business.
Apr. 2017	Established Zensho Insurance Service Co., Ltd. to operate non-life insurance agency services.
May. 2017	Established Olive Hill Co., Ltd. to expand restaurant business.
Jun. 2017	Established Nihon Kaigo Holdings Co., Ltd. to oversee the nursing care business.
Jul. 2017	Acquired NYEREG Co., Ltd. to expand the nursing care business.
Dec. 2017	Atack Co., Ltd. (currently JOY MART CO., LTD.) succeeded retail business by absorption-type split to expand it.
May. 2018	Established ZENSHO JAPANESE RESTAURANT COMPANY PTE. LTD. to expand fast-food business in Singapore.
Aug. 2018	Established ZENSHO (PHILIPPINES), INC. to operate Sukiya in Philippines.
Oct. 2018	Established ZENSHO HONG KONG CO., LTD. to operate Sukiya in Hong Kong.
Nov. 2018	Acquired Advanced Fresh Concepts Corp. to enter take-out sushi business in USA. Acquired I Medicare Co., Ltd. to expand the nursing care business.
Jan. 2019	Established Nihon Restaurant Holdings Co., Ltd. (currently Zensho Global Restaurant Holdings Co., Ltd.) to oversee restaurant business.
Feb. 2019	Established ZENSHO SOUTH EAST ASIA HOLDINGS PTE. LTD. to oversee Southeast Asia business. Established ZENSHO HOLDINGS MALAYSIA SDN. BHD. to oversee Malaysia business.
May. 2019	Acquired TCRS Restaurants Sdn. Bhd. to expand fast-food business in Malaysia.
Jun. 2019	Established JinZai Co., Ltd. to realize a society where people can co-exist with various international human resources.
Aug. 2019	Converted Jolly-Pasta Co., Ltd. into a wholly owned subsidiary by the share exchange (Delisted).
Dec. 2019	Established Zensho Europe Holdings B.V. to oversee Europe business. Acquired Worldfood To Go, S.L. to enter take-out-sushi business in Spain.
Feb. 2020	Converted Coco's Japan Co., Ltd. into a wholly owned subsidiary by the share exchange (Delisted).

Date	Event
Mar. 2020	Sukiya Honbu Co., Ltd., as the surviving company, merged with nine regional Sukiya companies, as the dissolving companies, to streamline Sukiya management. Changed the corporate name from Sukiya Honbu Co., Ltd. to Sukiya Co., Ltd.
Apr. 2020	Established Zensho Store Support Co., Ltd. to promote employment of challenged persons and to support their self-reliance.
Aug. 2020	Acquired Seiun Sake Brewery Co., Ltd. to enter brewing business.
Mar. 2021	Maruya Co., Ltd., as a surviving company, merged with four companies (Maruei Co., Ltd., Owariya Co., Ltd., Fresh Corporation, and Atack Co., Ltd.), as the dissolving companies, to further expand the management of retail business. Changed the corporate name from Maruya Co., Ltd. to JOY MART CO., LTD.
Jun. 2021	Established Global MD Holdings Co., Ltd. to expand domestic and international procurement.
Jul. 2021	Acquired Marix Co., Ltd. to enter aquaculture business.
Sep. 2021	Established Zensho Fast Holdings Co., Ltd. (currently Zensho Global Fast Holdings Co., Ltd.) to further enhance Japanese specialty restaurant business.
Oct. 2021	Acquired Saito Shoten Co., Ltd. to expand manufacturing and sales business of brown and milled rice.
Mar. 2022	Acquired Igarashi Suisan Co., Ltd. to expand aquaculture business.
Apr. 2022	Established Shinagawa Design Co., Ltd. to improve UX design quality for all the Group business categories. Moved from the First Section to the Prime Market due to the revision of the market classification of the Tokyo Stock Exchange.
Apr. 2023	Acquired Lotteria Co., Ltd. to enter hamburger restaurant business.
May. 2023	Acquired Sushi Circle Gastronomie GmbH to enter take-out sushi business in Germany.
Sep. 2023	Acquired SnowFox Topco Limited to enter take-out sushi business in UK.

3. Description of Business

The Group consists of 168 companies, the Company and 167 subsidiaries, and conducts a broad range of business activities in the food business.

The Company falls under the category of specified listed companies, etc., and among the standards for determining insignificance of important facts with respect to insider trading regulations, numerical standards defined in comparison with the scale of the listed company will be judged based on the consolidated figures.

From the current fiscal year, the Company has changed its reporting segments. As described in “V. FINANCIAL INFORMATION, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, (Segment Information, etc.).

(1) Global Sukiya segments (share of the Group sales: 27.5%)

Sukiya Co., Ltd., and its overseas subsidiaries such as Zensho Restaurant (Shanghai) Co., Ltd. directly operates “Sukiya,” a Gyudon restaurants chain across Japan, China, Southeast Asia and Central and South America to provide safe, delicious food at affordable prices to a broad range of customers which are included families.

(2) Global Hamasushi segments (share of the Group sales: 20.4%)

Hamasushi Co., Ltd. and its overseas subsidiaries such as Zensho Restaurant (Shanghai) Co., Ltd. directly operates “Hamasushi” sushi restaurants chain across mainly in Japan and China. In addition to sushi using fresh seafood, the chain offers a wide range of side dishes such as noodles, desserts and drinks, which are enjoyed by both children and adults.

(3) Global Fast Food segments (share of the Group sales: 25.2%)

Nakau Co., Ltd. operates both directly-operated and franchised restaurants of “Nakau,” oyakodon rice bowl dishes and Kyoto style udon noodle chain.

Lotteria Co., Ltd. operates both directly-operated and franchised restaurants of “Lotteria,” hamburger chain.

A Dining Co., Ltd. directly operates ramen specialty restaurants “Denmaru,” etc. mainly in Kanto regions.

Katsuan Co., Ltd. directly operates “Katsuan,” tonkatsu specialty restaurants mainly in Kanto and Chubu regions.

Kyubeiya Co., Ltd. directly operates “Kyubeiya” restaurants, which offer Musashino udon noodle, tempura, and shabushabu, in Kanto region.

Setoudon Co., Ltd. directly operates “Setoudon,” etc. Sanuki udon noodle specialty self-service restaurants mainly in Kanto region.

Zensho Café Co., Ltd. directly operates “Moriba Coffee,” etc. a café chain which offers fair trade coffee, mainly in Kanto region.

TCRS Restaurants Sdn. Bhd. directly operates “The Chicken Rice Shop,” etc. chicken rice specialty chain restaurants, in Malaysia.

“AFC” and “Zenshi” of Advanced Fresh Concepts Corp., “sushicircle” of Sushi Circle Gastronomie GmbH, “SNOWFOX,” “Bento,” “Taiko,” “Yo!” and “SNOWFRUIT” of SnowFox Topco Limited operates both directly-operated and franchised take-out sushi stores, etc.

(4) Restaurants segments (share of the Group sales: 14.6%)

Coco’s Japan Co., Ltd. offers both directly-operated and franchised restaurants of “Coco’s,” a standard restaurant chain across Japan.

Big Boy Japan Inc. directly operates hamburger steak and steak restaurant chain. It operates “BigBoy” etc. mainly in Kanto, Kansai and Tohoku regions, and “Victoria Station” restaurants in Hokkaido region.

Jolly-Pasta Co., Ltd. directly operates “Jolly Pasta,” pasta specialty restaurant chain, mainly in Kanto and Kansai regions.

TAG-1 Co., Ltd. directly operates “Jukusei Yakiniku Ichiban,” etc., barbeque restaurants mainly in Kanto and Kansai regions.

Olive Hill Co., Ltd. directly operates “OLIVENOOKA,” specialty Italian restaurant chain in Kanto region.

Hanaya Yohei Co., Ltd. directly operates “Hanaya Yohei,” Japanese-cuisine restaurants, etc. in Kanto region.

(5) Retail segments (share of Group sales: 8.1%)

JOY MART CO., LTD. operates supermarkets.

United Veggies Co., Ltd. is mainly engaged in the sale of fruits and vegetables.

(6) Corporate and Support segments (share of Group sales: 0.5%)

GFF CO., LTD. is mainly engaged in the production of foods.

Zensho Tradings Co., Ltd. is mainly engaged in the procurement and sale of food materials.

Global Fresh Supply Co., Ltd. is mainly engaged in the nationwide distribution of food materials.

Techno Construction Co., Ltd. is mainly engaged in the construction of restaurant and store facilities and maintenance.

Global Table Supply Co., Ltd. is mainly engaged in the sale of equipment and uniforms.

(7) Other segments (share of Group sales:3.7%)

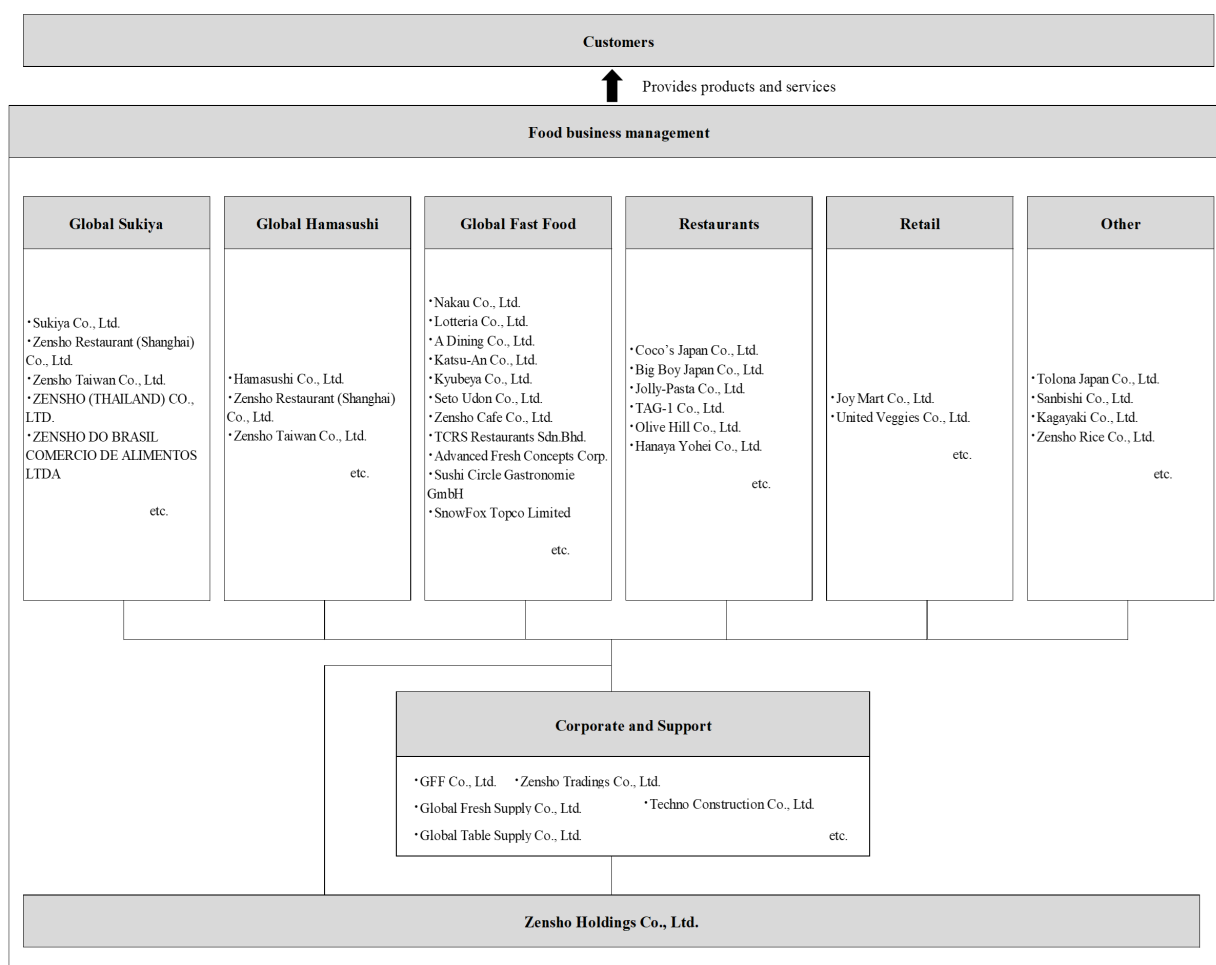
Tolona Japan Co., Ltd. is mainly engaged in the sale of frozen foods for home use, etc.

Sanbishi Co., Ltd. is mainly engaged in the production and sale of soy sauce and other seasonings.

Kagayaki Co., Ltd. is mainly engaged in nursing care business.

Zensho Rice Co., Ltd. is mainly engaged in the sale of brown and milled rice.

The following chart illustrates the business structure of the Group.



4. Subsidiaries and Associates

Name	Location	Share capital /investments (Million yen)	Major business	Ratio of voting rights holding/held (%)	Details of relationship
Consolidated subsidiaries					
Zensho Fast Holdings Co., Ltd. (Note 2,6)	Minato-ku, Tokyo	10	Management of food service business	(holding) 100.00 (22.46)	Business transaction Financial support etc.
Sukiya Co., Ltd. (Notes 1, 2, and 4)	Minato-ku, Tokyo	10	Management of Gyudon chain, Sukiya	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Nakau Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of oyakodon rice bowl dishes and Kyoto style udon noodle chain, Nakau	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Katsuan Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of tonkatsu specialty restaurants chain, Katsuan	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Zensho Café Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of Moriba Coffee, etc., a café chain which offers fair-trade coffee	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Lotteria Co., Ltd.	Minato-ku, Tokyo	8	Hamburger restaurant business	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Nihon Restaurant Holdings Co., Ltd. (Note 6)	Minato-ku, Tokyo	10	Management of restaurant business	(holding) 100.00	Business transaction Financial support etc.
Coco's Japan Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of standard restaurant chain, Coco's, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Big Boy Japan Inc. (Note 2)	Minato-ku, Tokyo	10	Management of hamburger steak and steak restaurant chain, Big Boy, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Jolly-Pasta Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of pasta specialty restaurant chain, Jolly-Pasta, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
TAG-1 Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of barbeque restaurant chain, Jukusei Yakiniku Ichiban, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Hanaya Yohei Co., Ltd. (Note 2)	Minato-ku, Tokyo	100	Management of Japanese cuisine restaurant chain, Hanaya Yohei	(holding) 100.00 (100.00)	Business transaction
Olive Hill Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of Italian restaurant chain, OLIVENOOKA	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Hamasushi Co., Ltd. (Notes 1 and 5)	Minato-ku, Tokyo	10	Management of sushi restaurant chain, Hamasushi	(holding) 100.00	Business transaction Financial support etc.
A Dining Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of ramen specialty restaurants, Denmaru, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Kyubeiya Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of Musashino udon noodle, tempura, and shabushabu restaurant chain, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Setoudon Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Management of Sanuki-udon noodle specialty self-service restaurant chain, Setoudon, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Nihon Retail Holdings, Co., Ltd.	Minato-ku, Tokyo	85	Management of retail business	(holding) 100.00	Interlocking directorship Business transaction Financial support etc.

Name	Location	Share capital /investments (Million yen)	Major business	Ratio of voting rights holding/held (%)	Details of relationship
JOY MART CO., LTD. (Note 2)	Kasukabe, Saitama	10	Management of supermarket chain, Joy Foods, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
United Veggies Co., Ltd. (Note 2)	Minato-ku, Tokyo	74	Sales of fruits, vegetable, etc.	(holding) 83.98 (83.98)	Business transaction
Zensho Factory Holdings Co., Ltd.	Minato-ku, Tokyo	60	Management of manufacturing companies	(holding) 100.00	Interlocking directorship Business transaction Financial support etc.
GFF CO., LTD. (Note 2)	Minato-ku, Tokyo	10	Production of foods	(holding) 100.00 (100.00)	Interlocking directorship Business transaction Financial support etc.
TR Factory Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Production of foods	(holding) 100.00 (100.00)	Business transaction
Sanbishi Co., Ltd. (Note 2)	Toyokawa, Aichi	13	Production of soy sauce, etc.	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Zensho Tradings Co., Ltd. (Note 1)	Minato-ku, Tokyo	80	Procurement and sale of food materials	(holding) 100.00	Business transaction Financial support etc.
Tolona Japan Co., Ltd.	Minato-ku, Tokyo	10	Sales of frozen foods for home use, etc.	(holding) 100.00	Business transaction Financial support etc.
Global Fresh Supply Co., Ltd.	Minato-ku, Tokyo	70	Provision of logistics service	(holding) 100.00	Business transaction Financial support etc.
Global Table Supply Co., Ltd.	Minato-ku, Tokyo	30	Sales of supplies, equipment, etc.	(holding) 100.00	Business transaction Financial support etc.
Techno Construction Co., Ltd.	Minato-ku, Tokyo	30	Design, construction and supervision of restaurants and stores	(holding) 100.00	Business transaction
ZENSHO CooCa Co., Ltd.	Minato-ku, Tokyo	10	Trading of financial instruments	(holding) 100.00	Business transaction
Nihon Kaigo Holdings Co., Ltd.	Minato-ku, Tokyo	10	Management of nursing care business	(holding) 100.00	Interlocking directorship Business transaction
Kagayaki Co., Ltd. (Note 2)	Sapporo, Hokkaido	3	Nursing care business	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Royal House Ishioka Co., Ltd. (Note 2)	Ishioka, Ibaraki	50	Nursing care business	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Senior Life Support Co., Ltd. (Note 2)	Kawaguchi, Saitama	30	Nursing care business	(holding) 100.00 (100.00)	Business transaction Financial support etc.
Nyereg Co., Ltd. (Note 2)	Ama, Aichi	3	Nursing care business	(holding) 100.00 (100.00)	Business transaction Financial support etc.

Name	Location	Share capital /investments (Million yen)	Major business	Ratio of voting rights holding/held (%)	Details of relationship
IMedicare Co., Ltd. (Note 2)	Matsudo, Chiba	50	Nursing care business	(holding) 100.00 (100.00)	Business transaction
Human Logic Laboratory Co., Ltd.	Minato-ku, Tokyo	10	HR strategy business	(holding) 100.00	Interlocking directorship Business transaction
Jinzai Co., Ltd.	Minato-ku, Tokyo	35	International HR recruitment support business	(holding) 100.00	Business transaction
Zenshoen Co., Ltd. (Note 3)	Hiroo-gun, Hokkaido	9	Livestock business	(holding) 49.45	Business transaction Financial support etc.
Mizushita Farm Co., Ltd. (Note 3)	Hiroo-gun, Hokkaido	3	Livestock business	(holding) 49.66	Financial support etc.
Global IT Service Co., Ltd.	Minato-ku, Tokyo	10	IT business	(holding) 100.00	Interlocking directorship Business transaction
Zensho Best Crew Co., Ltd.	Minato-ku, Tokyo	10	Recruiting operation	(holding) 100.00	Business transaction
Zensho Business Service Co., Ltd.	Minato-ku, Tokyo	10	Self-supporting for challenged persons	(holding) 100.00	Business transaction Financial support etc.
Zensho Store Support Co., Ltd.	Minato-ku, Tokyo	10	Self-supporting for challenged persons	(holding) 100.00	Business transaction
Zensho Clean Energy Co., Ltd. (Note 2)	Minato-ku, Tokyo	10	Natural energy business	(holding) 100.00 (100.00)	Business transaction
Kagayaki Nursery School Co., Ltd.	Minato-ku, Tokyo	10	operating in-house nursery facilities	(holding) 100.00	Business transaction Financial support etc.
Zensho Insurance Service Co., Ltd.	Minato-ku, Tokyo	10	Nonlife insurance agency business	(holding) 100.00	Business transaction
Seiun Sake Brewery Co., Ltd.	Hiki-gun, Saitama	10	Brewing business	(holding) 100.00	Business transaction Financial support etc.
Global MD Holdings Co., Ltd.	Minato-ku, Tokyo	377	Domestic and international procurement	(holding) 100.00	Interlocking directorship Financial support etc.
Marix Co., Ltd. (Note 2)	Izumi, Kagoshima	25	Aquaculture business	(holding) 100.00 (100.00)	—
Igarashi Marine Products Co., Ltd. (Note 2)	Amakusa, Kumamoto	5	Aquaculture business	(holding) 100.00 (100.00)	Business transaction
Zensho Rice Co., Ltd.	Minato-ku, Tokyo	10	Sales of rice	(holding) 100.00	Business transaction Financial support etc.
Saito Shoten Co., Ltd. (Note 2)	Shirakawa, Fukushima	8	Sales of rice	(holding) 100.00 (100.00)	Financial support etc.
Shinagawa Design Co., Ltd.	Minato-ku, Tokyo	10	UX design business	(holding) 100.00	Interlocking directorship Business transaction
Zensho USA Corporation (Note 1)	California, USA	10 Thousand USD	Management of Americas business	(holding) 100.00	Interlocking directorship Business transaction
Advanced Fresh Concepts Corp. (Notes 2)	California, USA	100 Thousand USD	Management of take-out sushi stores (directly-operated and franchise)	(holding) 100.00 (100.00)	Interlocking directorship
Pocino Foods Company (Notes 2)	California, USA	28,904 Thousand USD	Processing and sales of meat products	(holding) 100.00 (100.00)	—
ZENSHO FOOD DE MEXICO S.A. DE C.V. (Note 2)	Mexico	452,149 Thousand MXN	Management of Gyudon chain, Sukiya	(holding) 100.00 (100.00)	Interlocking directorship
ZENSHO DO BRASIL COMERCIO DE ALIMENTOS LTDA. (Notes 1 and 2)	San Paulo, Brazil	189,437 Thousand BRL	Management of Gyudon chain, Sukiya	(holding) 100.00 (100.00)	—

Name	Location	Share capital /investments (Million yen)	Major business	Ratio of voting rights holding/held (%)	Details of relationship
Zensho China Holdings Co., Ltd. (Note 1)	Shanghai, China	650,049 Thousand CNY	Management of China business	(holding) 100.00	Interlocking directorship Business transaction etc.
Zensho Restaurant (Shanghai) Co., Ltd. (Notes 1 and 2)	Shanghai, China	257,861 Thousand CNY	Management of Gyudon chain, Sukiya	(holding) 100.00 (100.00)	—
ZENSHO HONG KONG CO., LTD.	Hong Kong China	119,100 Thousand HKD	Management of Gyudon chain, Sukiya	(holding) 100.00	Interlocking directorship
Zensho Taiwan Co., Ltd.	Taipei, Taiwan	552,400 Thousand TWD	Management of Gyudon chain, Sukiya	(holding) 100.00	Interlocking directorship
ZENSHO SOUTH EAST ASIA HOLDINGS PTE. LTD. (Note 1)	Singapore	145,924 Thousand SGD	Management of South East Asia business	(holding) 100.00	Interlocking directorship
ZENSHO (THAILAND) CO., LTD. (Note 2 and 3)	Thailand	6,000 Thousand THB	Management of Gyudon chain, Sukiya	(holding) 49.00 (49.00)	Interlocking directorship Financial support etc.
PT. ZENSHO INDONESIA	Indonesia	131,480,000 Thousand IDR	Management of Gyudon chain, Sukiya	(holding) 51.00	Interlocking directorship Financial support etc.
ZENSHO JAPANESE RESTAURANT COMPANY PTE.LTD. (Note 2)	Singapore	12,760 Thousand SGD	Management of ramen specialty restaurants, ICHIKOKUDO	(holding) 100.00 (100.00)	Interlocking directorship
ZENSHO HOLDINGS MALAYSIA SDN. BHD. (Notes 1 and 2)	Kuala Lumpur, Malaysia	309,065 Thousand MYR	Management of Malaysia business	(holding) 100.00 (100.00)	—
ZENSHO FOODS MALAYSIA SDN. BHD. (Note 2)	Kuala Lumpur, Malaysia	71,000 Thousand MYR	Management of Gyudon chain, Sukiya	(holding) 100.00 (100.00)	—
ZENSHO ICHIBAN MALASIA SDN BHD. (Note 2)	Kuala Lumpur, Malaysia	18,500 Thousand MYR	Management of ramen specialty restaurants, ICHIBAN	(holding) 100.00 (100.00)	—
ZENSHO VIETNAM CO., LTD (Note 2)	Vietnam	229,423,463 Thousand VND	Management of Gyudon chain, Sukiya	(holding) 100.00 (100.00)	—
ZENSHO (PHILIPPINES), INC.	Philippines	150,000 Thousand PHP	Management of Gyudon chain, Sukiya	(holding) 70.00	—
TCRS Restaurants Sdn.Bhd. (Note 2)	Kuala Lumpur, Malaysia	17,180 Thousand MYR	Management of chicken rice specialty restaurants, etc.	(holding) 100.00 (100.00)	—
Zensho Europe Holdings B.V.	Netherlands	1 EUR	Management of Europe business	(holding) 100.00	Interlocking directorship
Worldfood To Go, S.L. (Note 2)	Spain	16 Thousand EUR	Management of take-out sushi stores (directly-operated and franchise)	(holding) 100.00 (100.00)	—
Sushi Circle Gastronomie GmbH (Note 2)	Germany	1,000 Thousand EUR	Management of take-out sushi stores	(holding) 100.00 (100.00)	—
ZENSHO INTERNATIONAL FOOD SERVICE LIMITED (Note 1)	United Kingdom	320,778 Thousand GBP	Holding company of take-out sushi business	(holding) 100.00	Interlocking directorship
ZENSHO INTERNATIONAL LIMITED (Note 1)	United Kingdom	260,537 Thousand GBP	Holding company of take-out sushi business	(holding) 100.00	Interlocking directorship
ZENSHO INTERNATIONAL UK LIMITED (Note 1,2)	United Kingdom	328,410 Thousand GBP	Holding company of take-out sushi business	(holding) 100.00 (100.00)	Interlocking directorship
SnowFox Topco Limited (Note 2)	United Kingdom	556 Thousand GBP	Holding company of take-out sushi business	(holding) 100.00 (100.00)	—

Name	Location	Share capital /investments (Million yen)	Major business	Ratio of voting rights holding/held (%)	Details of relationship
Snowfox US Holdco, Inc (Note 1,2)	Delaware USA	75,095 Thousand USD	Holding company of take-out sushi business	(holding) 100.00 (100.00)	—
JFE Franchising, Inc. (Note 2)	Texas USA	300 Thousand USD	Management of take-out sushi stores (directly-operated and franchise)	(holding) 100.00 (100.00)	—
Bento Sushi Franchise Inc. (Note 2)	Delaware USA	99 USD	Management of take-out sushi stores (directly-operated and franchise)	(holding) 100.00 (100.00)	—
78 other companies					
Associates accounted for by the equity method					
MARUI Wasabi, Inc. (Note 2)	California, USA	2,383 Thousand USD	Production of powdered Wasabi	(holding) 50.00 (50.00)	Interlocking directorship

Notes 1. Classified as specified subsidiaries.

2. The figure in parentheses in the “Ratio of voting rights holding/held” column shows the indirect ownership ratio included in the total.
3. Although the Company's shareholding is less than 50/100, it is regarded as a subsidiary because the Company has substantial control.
4. Net sales (excluding inter-company sales between consolidated companies) of Sukiya Co., Ltd. is over 10% of consolidated net sales.

Primary profit (loss) information, etc. (Million yen)

(1)	Net sales:	221,988
(2)	Ordinary profit:	20,767
(3)	Profit:	14,061
(4)	Net assets:	25,004
(5)	Total assets:	56,851

5. Net sales (excluding inter-company sales between consolidated companies) of Hamasushi Co., Ltd. is over 10% of consolidated net sales.

Primary profit (loss) information, etc. (Million yen)

(1)	Net sales:	186,130
(2)	Ordinary profit:	10,737
(3)	Profit:	7,492
(4)	Net assets:	24,658
(5)	Total assets:	67,766

6. Zensho Fast Holdings Co., Ltd. and Nihon Restaurant Holdings Co., Ltd. changed their company names to Zensho Global Fast Holdings Co., Ltd. and Zensho Global Restaurant Holdings Co., Ltd. respectively on April 1, 2024.

5. Employees

(1) Consolidated basis

(As of March 31, 2024)

Reporting Segment	Number of employees (Persons)	
Global Sukiya	5,053	(20,159)
Global Hamasushi	893	(19,091)
Global Fast Food	6,298	(9,451)
Restaurants	903	(12,902)
Retail	747	(2,510)
Corporate and Support	1,991	(1,656)
Other	921	(649)
Total	16,806	(66,418)

Notes: 1. Number of employees represents the number of active employees.

2. The number in parentheses refers to part-time employees (176 hours per month converted to one person), which is excluded from the number of employees.

(2) Non-consolidated basis

(As of March 31, 2024)

Number of employees (Persons)	Average age (Years old)	Average length of service (Years)	Average annual salary (Thousand yen)
790 (115)	39.9	9.1	7,427

Notes: 1. Number of employees include seconded personnel from other companies to the Company (63 employees) but exclude seconded personnel from the Company to other companies (822 employees).

2. The number in parentheses refers to part-time employees (176 hours per month converted to one person), which is excluded from the number of employees.

3. Average annual salary includes bonuses and other non-standard wages.

4. Segment information is omitted as "Corporate and Support" is the only reporting segment of the Company.

(3) Labor unions

The Group has Zensho Employees Association Network (ZEAN) and several unions at the operating company level. Each union is the member of Zensho Group Workers Union (ZWF). As of March 31, 2024, the number of ZEAN members is 60,600, and the number of ZWF members is 134,605. The relationships between the Company, subsidiaries, associates and these labor unions are quite cooperative and stable.

(4) Percentage of female workers in management positions, percentage of male workers taking childcare leave, and differences in wages between male and female workers

(i) The company

Current fiscal year					Supplementary Explanations
Percentage of female workers in management positions (%) (Notes 1 and 3)	Percentage of male workers taking childcare leave (%) (Notes 2 and 4)	Differences in wages between male and female workers (%) (Note 1)			
		All workers	Full-time workers	Part-time and fixed-term workers	
15.0	33.3	62.2	72.8	101.2	Part-time and fixed-term workers are calculated based on the number of full-time equivalents. Wages include bonuses and exclude commuting allowances.

Notes: 1. Calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of September 4, 2015).

2. Based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Member" (Act No. 76 of May 15, 1991), the percentage of child care leave, etc. taken is calculated as per Article 71-4-1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of October 15, 1991).

3. Calculated at the company where the employee works (seconded personnel are included in the destination companies).

4. Calculated at the employing company (seconded personnel are included in the source companies).

(ii) Consolidated subsidiaries

Current fiscal year						Supplementary Explanations
Company name	Percentage of female workers in management positions (%) (Notes 1 and 4)	Percentage of male workers taking childcare leave (%) (Notes 2 and 5)	Differences in wages between male and female workers (%) (Notes 1 and 5)			
		All workers	All workers	Full-time workers	Part-time and fixed-term workers (Note 3)	
Sukiya Co., Ltd.	7.4	28.6	98.0	88.3	99.2	
Nakau Co., Ltd.	17.5	33.3	92.3	73.7	99.3	
Katsuan Co., Ltd.	—	No eligible person	98.9	—	98.9	
Lotteria Co., Ltd.	18.4	—	86.9	88.0	100.5	
Coco’s Japan Co., Ltd.	9.9	—	82.8	77.4	124.7	
Big Boy Japan Inc.	—	No eligible person	79.4	86.7	101.7	
Jolly-Pasta Co., Ltd.	6.2	50.0	71.8	76.2	103.7	
TAG-1 Co., Ltd.	9.1	—	86.9	87.0	101.2	
Hanaya Yohei Co., Ltd.	8.3	No eligible person	66.8	88.1	110.0	
Olive Hill Co., Ltd.	15.4	No eligible person	97.4	98.7	98.6	
Hamasushi Co., Ltd.	8.1	17.0	91.5	81.4	99.2	
A Dining Co., Ltd.	—	Not subject to publication	102.3	—	102.3	1,000 or less workers employed on a regular basis
Kyubeiya Co., Ltd.	11.1	Not subject to publication	95.3	83.7	98.0	1,000 or less workers employed on a regular basis
JOY MART CO., LTD.	7.0	No eligible person	65.4	85.6	94.0	
GFF CO., LTD.	10.3	40.0	96.2	87.0	102.2	
Kagayaki Co., Ltd.	75.9	Not subject to publication	93.9	99.7	95.5	1,000 or less workers employed on a regular basis

Notes: 1. Calculated in accordance with the provisions of the "Act on the Promotion of Women's Active Engagement in Professional Life" (Act No. 64 of September 4, 2015).

2. Based on the provisions of the "Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Member" (Act No. 76 of May 15, 1991), the percentage of child care leave, etc. taken is calculated as per Article 71-4-1 of the "Ordinance for Enforcement of the Act on Childcare Leave, Caregiver Leave, and Other Measures for the Welfare of Workers Caring for Children or Other Family Members" (Ordinance of the Ministry of Labor No. 25 of October 15, 1991).

3. Part-time and fixed-term workers are calculated based on the number of full-time equivalents.

4. Calculated at the company where the employee works (seconded personnel are included in the destination companies).

5. Calculated at the employing company (seconded personnel are included in the source companies).

II. BUSINESS OVERVIEW

1. Management Policy, Business Environment and Issues to Be Addressed, etc.

Forward-looking statements in this document are based on the judgment of the Group at the current fiscal year-end.

(1) Management Policy

To remain a company "responsible for the stability and development of human society", further evolving the corporate founding philosophy of "Eradicating hunger and poverty from the world", the Group fulfils this responsibility through the creation of "food infrastructure" which the whole of humanity can live together peacefully by seeking to overcome conflicts arising from differences in race, religion, and ethnicity and by cooperating with each other. For this purpose, the Group develops a wide range of food businesses and is expanding globally with the mission of providing safe, delicious food at affordable prices to people around the world." To provide safe and delicious products and quality services to customers, the Group strives to develop a mass merchandising system (MMD) to plan and design all processes ranging from menu development through food procurement, production, processing, logistics and sales, and to implement integrated control of these processes.

By practicing MMD, the Group will develop restaurants and stores that can be easily used by a wider range of customers at any time, further expand the business and improve efficiency, and strive to increase shareholder value.

(2) Business Environment

The business environment surrounding the Company continued to be uncertain, affected by factors including the weak yen and soaring raw material and energy prices. Meanwhile, the lifting of movement restrictions in place due to COVID-19 led to a normalization of economic activity, with foot traffic and personal consumption showing signs of recovery. In the restaurant industry as well, demand was on the rise.

(3) Business and financial issues to be addressed with priority

In implementing the management policy and the medium-term business plan stated in (i) and (iv), the business and financial issues to be addressed with priority are as follows:

(Business and financial issues to be addressed)

(i) Evolution of the Mass Merchandising System (MMD)

In order to ensure that customers can enjoy safe and delicious products with peace of mind, the Group has continued to ensure safety through MMD, while expanding its operations and pursuing group synergies with the aim of improving business performance. In addition, in consideration of the accelerated pace of overseas restaurant and store openings, we will strengthen our procurement network through overseas bases, while pursuing food safety, improving product quality, and improving costs.

(ii) Pursuit of food safety

The Group places the highest priority on providing safe food to our customers. Based on CODEX standards (global standards for food safety), the Group Food Safety Standards Division sets our own standards, provides food safety education to all employees and provides food safety information to our suppliers and business partners.

In the entire food chain of procurement, manufacturing, logistics and sales, the traceability of food safety is guaranteed through the completion of food safety management by each group company.

In addition, the safety of raw materials, packaging materials and products is guaranteed by analyzing and inspecting hazards (factors that hinder health) at our Central Research Center and Microbiology Testing Center.

(iii) Evolution of brands

The Group will strive to evolve our brands in all aspects to meet the ever-evolving needs of our customers, to respond to their diverse lifestyles and to provide products, services and customer experiences that consistently exceed their expectations.

(iv) Growth through restaurant and store openings and M&A

We will continue to proactively open new restaurants and stores in Japan and overseas to enhance the profitability of our businesses. In addition, we will explore new business areas and further strengthen MMD by using M&A, and take measures to supply safe, high-quality food ingredients and promote the diversification of food.

(v) Recruitment and training of human resources

Based on the idea that human resources are human capital that generates added value, the Group will hire excellent human resources who share our Group's philosophy and develop human resources to support sustainable growth.

In addition, we will promote diverse work styles including the advancement of female employees, strengthen mid-career recruitment and actively recruit and develop global human resources.

(vi) Improvement of working environment

To improve the working environment, the Group has implemented various improvement measures, including strengthening of compliance education for managers, establishment of a consultation service and in-house training programs to prevent harassment, and enhancement of opportunities for dialogue with employees. We will continue to streamline operations through DX promotion, strengthen communication, and review the personnel evaluation system, salary system, and employee benefits to create a working environment where each employee can enhance his/her abilities and feel satisfaction and growth, thereby ensuring long-term stable employment.

(vii) Establishment of a system to improve customer convenience and contribute to prompt business decisions

The Group is building a system to improve customer convenience and productivity. Meanwhile, as a business management system, we are building a system to collect information on sales, inventory, etc. As we expand the sales bases of our Group companies in Japan and overseas, we will further improve the efficiency of information collection and integration, and will also build a system and structure that will contribute to prompt decision making by management.

(viii) Proactive approach to digital transformation (DX)

Amid the rapid progress of digitalization, also known as the 4th Industrial Revolution, the use of artificial intelligence (AI), IoT, RPA, robots, and cloud computing has been accelerating. In restaurants and stores, manpower reduction in both routine and non-routine labor is advancing due to technological innovations such as self-ordering, self-cashing, and robots, and the data use by using IT. The Group will also promote the streamlining and automation of operations through proactive DX initiatives in each process, including restaurants, stores, factories, logistics, and headquarters.

(ix) Initiatives to ensure a stable supply of food ingredients

The Group procures food ingredients used in its restaurants and stores from both domestic and overseas sources, and is working to diversify its suppliers in order to address the risk of price increase due to conflicts at the place of origin, climate change and exchange rate fluctuations.

(4) Objective management indicators, etc. for judging the achievement status of management goals

The Group formulates medium-term management plans, and as Key Performance Indicators (KPI), sets targets for net sales, operating profit, ordinary profit, profit, operating profit to net sales ratio, ordinary profit to net sales ratio, profit to net sales ratio and ROE.

The reason for focusing on the above KPI is to enable evaluations of progress and feasibility of the medium-term management policy, which refers a) profitability improvement of existing businesses, b) business expansion by new restaurant and store openings both in Japan and overseas, and c) development of personnel and improvement of working environment.

2. Philosophy and Initiatives for Sustainability

Since its establishment in 1982, the Group has been committed to its management philosophy of "Eradicating hunger and poverty from the world" and has made it its mission "To provide safe, delicious food at affordable prices to people around the world" to achieve this goal. The "Zensho Group Charter," which is the guideline for the behavior of the Group members, begins with "The Zensho Group's Declaration," which states that through the development of our business, "We will realize a society in which all people are truly equal and which is capable of developing in a sustainable and harmonious way."

The Group has further evolved its corporate philosophy and is committed to "taking responsibility for the stability and development of human society through food".

To embody this philosophy, the Group is working to create a system that can stably supply "food" to all people as "food infrastructure" by developing a mass merchandising system (MMD) worldwide, in which all processes from food procurement to production, processing, logistics and sales are consistently planned, designed, and operated by the Group itself.

In addition to business development as "food infrastructure," the Group has been engaged in its own direct fair trade since 2007. Currently, the Group is trading coffee and tea with 20 countries in Asia and Africa, and using the "social development funds" generated from fair trade, and the Group is engaged in social development support activities such as school construction, water supply facility improvement, and women's support. Through these activities, the Group will correct the imbalance in development brought by the negative aspects of capitalism and contribute to the realization of a sustainable world.

The Group takes responsibility for the impact of its business activities on the global environment. The Group will act to ensure the sustainability of our business areas and the global environment itself through initiatives to issues closely related to our business areas, such as conservation of natural resources and use of food residues, in addition to such as the use of natural energy.

Furthermore, based on the concept that human resources are "human capital," that generates added value, the Group is committed to human resource development and the creation of a workplace environment in which diverse human resources are active. As a global company originating from Japan, the Group established the " Zensho Japanese Culture Center " in Kyoto City in July 2021 to deepen understanding of our own culture to realize a society where multicultural people can live together in harmony. The Group will continue to make further efforts toward multicultural conviviality in the future.

(1) Governance

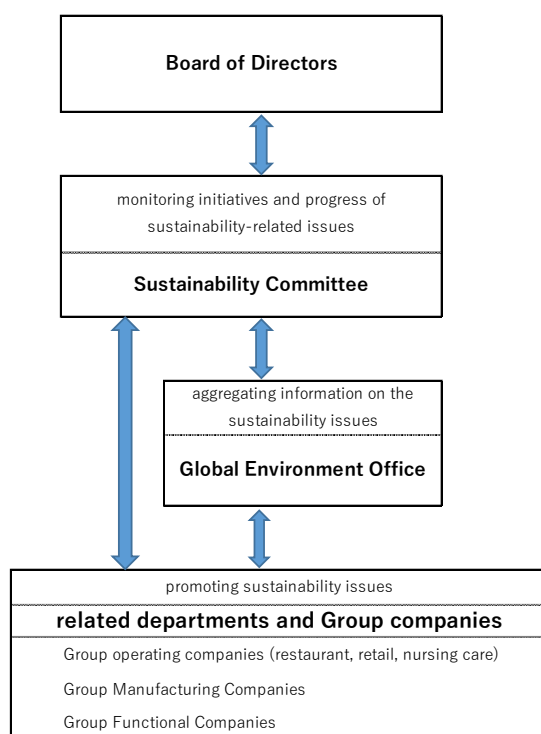
The Board of Directors makes decisions on important matters such as sustainability policy and identification of materiality, evaluates medium- and long-term business risks and opportunities, and reflects them in management strategies based on an awareness of their impact on the business.

The Company establishes the "Sustainability Committee" chaired by the director in charge of sustainability with the aim of further strengthening our sustainability management. The Sustainability Committee monitors initiatives and progress of sustainability-related issues focused on the materiality determined by the Board of Directors, and regularly reports the status of these activities to the Board of Directors. The "Global Environment Office," which directly reports to the director in charge of sustainability, serves as the secretariat of the Sustainability Committee and works with related departments and Group companies to aggregate information on the Group sustainability-related issues.

The materialities decided by the Board of Directors are as below.

- Stable supply of safe food to the world
- Contribution to the regional community
- Creation of a rewarding and worthwhile organization
- Growth and prosperity with our partners
- Environmental initiatives

(System chart)



(2) Strategy

(a) Risks and opportunities

The Group has considered the risks and opportunities that our group faces as a result of climate change. The risks and opportunities of climate change include those arising from the "transition" to a low-carbon economy and society, such as tightening laws and regulations concerning GHG emissions, and those arising from "physical" changes, such as more severe weather disasters. The Group has extracted and identified "Transition Risks," "Physical Risks," and "Opportunities" to be addressed in our business areas as follows.

Category	Risk Category (broad category)	Impact	Risk Category (subcategory)	Contents
Transition Risks	Market Risk	Middle	Changes in consumer preferences and behavior	• Decrease in sales of existing business categories due to changing customer preferences
	Technology Risk	Middle	Adapting to technological innovation	• Rising costs due to delayed adaption to DX and other technological innovations
	Policy and Legal Risks	Large	Rising costs due to introduction of carbon tax	• Increase in raw material procurement and logistics costs due to the introduction of a carbon tax
			Rising energy costs	• Increase in energy costs due to higher fossil fuel and electricity prices
			Tightening plastics regulations	• Increased costs due to changeover to alternative plastics
	Reputation Risk	Middle	Changes in consumer reputation	• Increased public awareness of climate change response and progressive selection based on customer evaluations
			Changes in investor reputation	• Progressive selection of investment destinations by ESG investors
Physical Risks	Acute Risk	Large	Intensifying natural and weather disasters	• Damage to restaurants, stores, factories, and logistic facilities caused by natural disasters (e.g., earthquakes) or weather disasters (e.g., typhoons)
			Impact of water stress	• Risk of water procurement due to heat waves, droughts, etc. caused by extreme weather conditions
	Chronic Risk	Large	Increasing average temperature	• Deterioration of raw material quality and yield due to higher average temperatures • Impact of rising temperatures on livestock growth • Impact of higher feed prices
			Changes in precipitation and weather patterns	• Price increases due to adverse impact on raw material production areas caused by changes in precipitation and weather patterns
Opportunities	Market	Middle	Changes in consumer preferences and behavior	• Increase sales by developing new businesses and business categories in line with changes in customer preferences and behavior
	Technology	Middle	Adapting to technological innovation	• Improve productivity by promoting DX, robotization, etc.
			Development of renewable energy	• Reduce carbon tax burden through renewable energy initiatives, etc.
	Policy and Legal	Small	Addressing energy costs	• Decrease in raw material procurement costs by streamlining business processes and facilities throughout the supply chain, including suppliers • Decrease in logistics costs by improving logistics efficiency
	Reputation	Small	Improving investor reputation	• Improvement of procurement capability through Sustainability Bonds, etc. by enhancing the evaluation of ESG initiatives
	Climate Change (Acute)	Middle	Intensifying natural and weather disasters	• Maintain customers by developing a supply system and infrastructure that can adapt to extreme weather conditions

(b) Policies and strategies for human resource development and internal environment development

With regard to investment in human capital, the Group strives to secure sufficient budgets for education and competitive compensation levels under our basic policy of developing competitive human resources through the education systems and qualification examination systems for each specialized field, proactive reassignment, and encouragement of self-development. The Group also believes that mutual understanding of multicultural conviviality is necessary for humankind to overcome conflicts arising from differences in race, religion, and ethnicity in times of uncertainty. As an organization for this purpose, the Company established the "Zensho Japanese Culture Center" in July 2021 to lay the foundation for future global expansion. Specifically, the Group is developing a training program based at an educational facility in Kyoto City to expose employees to Japanese culture and improve their education from April 2022.

Policies on the development of human resources, including ensuring diversity of human resources, and policies regarding the development of the internal environment are as follows.

(i) Developing and securing human resources

The Company have long described human resources as "human assets," and in the "Zensho Group Charter" that defines the code of conduct for employees, the Company have set "a vital organization that values diversity, independence and originality, in which everyone can work vibrantly" as one of the organizational images to aim for in developing human assets and creating an organization. In the promotion of employees to management positions, the Company is creating an environment that allows equal opportunity in the evaluation of abilities while taking into consideration diversity in terms of gender, nationality, work experience, and other factors. Specifically, the Company have introduced a job rotation system, which allows employees to develop their abilities while gaining experience in a variety of positions. The Company also provides training by department and job level, selective training to discover next-generation leaders, and training to experience Japanese culture. As part of its support for self-development, the Company provides TOEIC examinations for English learning support and opportunities for multilingual learning, as well as selective language training for some employees. In addition, in discussions between management and the labor union, the Company have committed to "10 consecutive years of salary increases" in 2021, and this year, the union has also implemented an increase in starting salaries for university graduates and a 12.2% salary increase for full-time unionized employees. In an increasingly competitive market for human resources, we will continue to identify human resources to lead the organization, and to improve the number of recruits and retention rates.

(ii) Promotion of females' activities and support for balancing work and childcare

The following initiatives are underway with the aim of creating an organization in which female employees and employees raising children can play an active role by using their strengths, as well as a system to support them.

- Establish a consultation service for female employees to support their work before childbirth leave, their return to work, and their work during childcare.
- Establish a consultation service for male employees taking childcare leave.
- Establish a system of shortened working hours for employees raising children up to elementary school age and introduce a staggered working hour system.
- Expansion and structuring of the types of work and positions that can be performed by employees with shortened working hours.
- Introduction of a leave system that can be used for nursing care of family members, infertility treatment, childcare, and participation in childcare events.
- Posting of a booklet for pregnant and child-caring employees on the intranet.

(iii) Internal environmental improvement

The company is promoting the following initiatives to make the company where everyone can work comfortably.

- Stabilization of restaurant and store operations and improvement of services through community-based management
- Preventing the occurrence of long working hours through the Time Management Committee
- Ensure a safe and secure working environment by establishing a system of multiple late-night shifts (strengthening the security system)

- Expansion of open restaurant and store operations by holding nationwide crew meetings
- Maintain and improve the living standards of all employees and raise the level of service in restaurants and stores by improving the compensation of crew members
- Reduce the workload associated with the establishment of take-out and self-ordering systems
- Review of operations manuals to improve productivity and reduce crew workload at restaurants and stores through the use of DX.

(iv) Safety and health of employees

To ensure the safety and health of employees, the Company has the Health Support Office at the Shinagawa Head Office, staffed by qualified and experienced nurses and public health nurses, to promote mental and physical health. An industrial doctor visits the office several times a month to provide health-related consultations. Furthermore, the Company is a partner company in the Action for Companies Promoting Cancer Control, and are working to improve the cancer screening uptake rate. The Company provides subsidies for influenza vaccinations.

As a system to support female in childbirth and childcare, the Company allow female to take leave for 6 weeks before childbirth and 8 weeks after childbirth, and both male and female can take childcare leave (until the child is up to 3 years old) and work shorter hours for childcare (until the child enters junior high school).

(3) Risk management

The Sustainability Committee confirms and evaluates the progress of initiatives in line with the "Materiality" identified by the Board of Directors and the "Risks" and initiatives to "Opportunities" for sustaining the business, and reports to the Board of Directors as appropriate. When changes to the Sustainability Policy or Materiality are required in environmental or social conditions changes, the Sustainability Committee will review the changes and submit them to the Board of Directors for final approval.

(4) Indicators and Targets

The Company is addressing specifically based on policies of human resource development, including ensuring diversity of human resources and policies of the development of the internal environment described in the above "(2) Strategies", and also manages data of indicators related to them, but not all companies in the consolidated group implement such policies. For this reason, it is difficult to describe indicators for the Group, therefore the targets and results for the following indicators are those of the Company.

Indicator	Target	Result (Current fiscal year)
Percentage of female workers in management positions	30% by March 2029	15.0%
Percentage of male workers taking childcare leave	50% by March 2026	33.3%

3. Business Risks, etc.

The following are principal risks the Group faces that may have a significant impact on management decisions. Recognizing the possibility of these risks, the Company will seek to avoid them while preparing to respond appropriately in the event that they do occur. This information includes forward-looking statements that reflect judgments made at the current fiscal year-end.

(1) Control of safety of food products

The Group is thoroughly committed to ensuring food safety by setting up the Group Food Safety Standard Division, appointing a director in charge, and setting up a food safety and quality assurance department in each Group company, so that safe and delicious products could be offered to its customers.

In the unlikely event of a food safety issue such as mass food poisoning, the Group has established a system through which such information will be reported to the headquarters within one hour to minimize the damage. However, the loss of corporate image may affect the business results and financial position of the Group.

(2) Natural disasters and pandemics

The Group has created a BCP plan and a BCP manual in preparation for natural disasters such as large-scale earthquake, flood, and typhoon and for a pandemic caused by infection, which occur in the regions including its restaurants, stores, factories and distribution center. In the event of a disaster, etc., necessary measures are quickly considered and implemented under the direction of the Emergency Response Headquarters, but since it is difficult to avoid all risks, the damage may cause a scale down of its business activities and it may affect business performance and financial condition of the Group.

(3) Establishment strategies and operation of restaurant and store

The Group reduces the risk of unprofitable restaurants and stores by having its specialized department evaluate and select the opening area after forecasting sales in candidate sites based on the trade area population, traffic volume and the status of competitor, and after considering conditions such as lease and investment amounts.

The number of candidate sites is not significantly decreasing at this time, but if the number of sites that satisfy the conditions for opening restaurants and stores decreases and their establishment plans are revised, or the location environment changes, this may affect the business performance and financial position of the Group.

(4) Country risks in overseas expansion

Business expansion into overseas market including China, Americas, South-east Asia and Europe is a part of the Group's business strategy, and overseas subsidiaries are engaged in direct operation of restaurants and stores, development of franchises, management of production, processing and sales of foods, etc. The Group makes efforts to collect overseas subsidiaries information on country risks including war, political situation, economy, unpredictable changes in laws and regulations, natural disasters, business practices, etc., and establishes systems through which the Group can respond immediately to such events when they occur. However, such events may affect the business performance and financial position of the Group.

(5) Securing of human resources

It is important for the Group to secure human resources, in order to keep operating restaurants and stores that can satisfy customers. Therefore, the Group strives to create a comfortable working environment for employees. Specifically, the Group enhances initiatives such as those listed below. However, in future, if sufficient personnel cannot be secured due to deterioration in the balance between labor supply and demand or other reasons, this may affect the business performance and financial position of the Group.

- (i) To operate restaurants in an open and free atmosphere, Sukiya and the labor union jointly organize "Crew Meeting" nationwide, where crews conduct mutual discussions. Based on the opinions expressed at the "Crew Meeting," the Group actively works to respond to matters raised, which have included the opening of the "Kagayaki Nursery School" in Tsukuba City, Ibaraki Prefecture. This initiative is now expanded to other businesses and continuously conducted.
- (ii) To create a comfortable working environment for female employees, the Group has established a consultation office to provide support for working during pregnancy, prenatal and postnatal leave, childcare leave, returning to work, and working

after returning to the work. In addition, the Group is striving to create a working environment in which female employees can play an even more active role while raising children by expanding the types of jobs and duties that allow shortened working hours.

(6) Security of personal information

The Group holds a substantial volume of personal information related to customers, employees and shareholders at each restaurant, store and its headquarters. To oversee the protection and management of personal information, the Company has established the Personal Information Protection Management Committee, have formulated specific rules regarding the handling of personal information of the Group, and promote understanding and penetration of the rules within the Group.

Furthermore, the Group provides guidance and education about managing personal information by appointing a personal information protection officer at each department in each company to clarify the responsibility for handling personal information of its own department business, and holds seminars for each COO (Chief Operating Officer) and General Manager to recognize the importance of personal information.

As stated above, the Group is strictly controlling information and striving to prevent leakage of personal information. However, if such personal information is leaked to outside parties, the image and social credibility of the Group will be lost and this may affect the business performance and financial position of the Group.

(7) Dependence on information systems

The Group relies on information systems for its main operations such as restaurant and store operation, purchasing of food ingredients, and delivery. The Group IT Division is working to reduce risks by implementing appropriate preventive measures against malicious attacks such as computer viruses and cyber-attacks. No such risk has materialized in the past. However, if various failures occur in the information system due to these attacks, efficient operation may be hindered or important data may be lost and it may affect the business performance and financial position of the Group.

(8) Procurement of food materials and fluctuation in prices

Since the food ingredients used by the Group are diverse, the Group MD Headquarters of the Company are conducting risk hedging activities such as developing raw material production areas and diversification of procurement. When procurement instability or soaring prices of raw materials occurs due to geopolitical risks, changes in economic activities, outbreaks of epidemics such as BSE, bird flu, and pig cholera, natural disasters such as large-scale floods and typhoons, and fluctuations in exchange rates, it may affect the business performance and financial position of the Group.

(9) Laws and regulations

In addition to the generally applicable laws and regulations such as the Companies Act and the various Corporation Tax Act, the Group is also subject to various legal regulations and systems governing restaurant and store management, including the Food Sanitation Act, the Labor Standards Act, and environment-related laws and regulations. The Group is trying to reduce risks by accurately collecting necessary information by joining various industry groups. However, if these legal regulations are strengthened, new costs will be required to comply with such regulations and it may affect the business performance and financial position of the Group.

(10) M&A

The Group continues to expand its business and achieve sustainable growth through pursuing mergers and acquisitions (M&A) in addition to opening new restaurants and stores.

When conducting M&A, the Company's specialized departments and outside experts conduct detailed due diligence, investigate and analyze the target company from multiple perspectives to avoid as much risk as possible. However after M&A are executed, it is possible that the initially expected benefits or effects may not be achieved due to the emergence of contingent or unrecognized liabilities, the discovery of compliance issues and changes in the market or competitive environment. In this case, it may affect the business performance and financial position of the Group.

(11) Rising interest rates

The Group has raised funds used for capital investments in restaurants, stores, factories, etc. and for M&A activities by borrowing from financial institutions and corporate bond issuance. The majority of these funds are long-term and fixed-rate financing, ensuring a certain degree of resistance to rapid increases in interest rates. But increased cost burden in the long-term from a period of rising interest rate may affect the business performance and financial position of the Group.

(12) Asset-impairment accounting

The Group owns tangible fixed assets relating to restaurants and stores, goodwill acquired through corporate acquisitions and intangible fixed assets with indefinite useful lives. In cases where expected cash flow cannot be realized or where recovery of such assets cannot be expected due to the decline in profitability, impairment losses may be required to be recorded, which may affect the business performance and financial position of the Group.

(13) Reputation risk

The Group will promptly act appropriately in case of inappropriate acts such as violation of legal compliance. However, if malicious rumors against the Group are generated or disseminated by media reports or posted on the internet, whether it is based on accurate facts or not, the Group's social credibility will be damaged and this may affect the business performance and financial position of the Group.

(14) Litigations

The Group may be subject to various legal proceedings by lawsuits and regulatory agencies regarding the conduct of the business. To date, no litigation with an impact on the Group's business performance has been filed. However, if litigation with a significant impact on its business performance or on society occurs and decision is made against the Group, it may affect the business performance and financial position of the Group.

(15) Compliance

The Group aims to be a corporate group with transparency and sincerity and is continuously working to thoroughly enhance and establish compliance awareness.

In "Group Risk Management Rules" and "Group Compliance Rules," the Group recognizes various risks of the Group comprehensively and appropriately, determines risks to be managed, defines the department in charge and works to develop and enhance the risk and compliance management systems.

Furthermore, in order to manage various risks within the Group comprehensively based on the rules, the Group sets up the Comprehensive Risk Management and Compliance Committee to check the implementation status of risk countermeasures in the department in charge, and takes prompt and proper measures.

However, in the event of compliance problems such as violations of laws, regulations or company rules by individual directors and employees, and inappropriate behavior in terms of socially accepted norms by them, it may affect the business performance and financial position of the Group.

4. Management's Analysis on the Company's Financial Condition, Results of Operations and Cash Flow Conditions

(1) Summary of operating results, etc.

Overview of the financial position, performance of business, and cashflow (hereinafter, the "Performance of business, etc.") of the Group for the current fiscal year were as follows.

From the current fiscal year, the Company abolished its previous segments of Restaurant business and Retail business while changing to the six reporting segments of Global Sukiya, Global Hamasushi, Global Fast Food, Restaurants, Retail, and Corporate and Support. As a result, comparisons and analyses for the current fiscal year are based on the reporting segments after this change.

(i) Details of consolidated financial position and financial results

In the current fiscal year (from April 1, 2023 to March 31, 2024), the business performance showed net sales of 965,778 million yen (up 23.8% year-on-year), operating profit of 53,707 million yen (up 147.1% year-on-year), ordinary profit of 50,913 million yen (up 81.3% year-on-year), and profit attributable to owners of parent of 30,693 million yen (up 131.4% year-on-year).

The business environment surrounding the Group continued to be uncertain, affected by factors including the weak yen and soaring raw material and energy prices. Meanwhile, the lifting of movement restrictions in place due to COVID-19 led to a normalization of economic activity, with foot traffic and personal consumption showing signs of recovery. In the restaurant industry as well, demand was on the rise.

Under these circumstances, year-on-year comparison of the same restaurant and store sales in each reporting segment were 114.9% in Global Sukiya, 109.3% in Global Hamasushi, 113.4% in Global Fast Food, 120.4% in Restaurants, and 98.6% in Retail.

At the current fiscal year-end, the number of restaurants and stores was 15,109 (including 7,922 franchised restaurants and stores), the result of 971 restaurant and store openings and 436 closures.

An overview of conditions by business segment is provided below. Additionally, references to net sales are sales to external customers.

(Global Sukiya)

Net sales of Global Sukiya in the current fiscal year were 265,341 million yen (up 18.6% year-on-year) with operating profit of 18,507 million yen (up 252.7% 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 Group provided "Gyudon with Cod Caviar Mayo & Cheese," "Sukiyaki Style Gyudon with Raw Egg," and "Okonomiyaki Style Gyudon with Soft-Boiled Egg," among others, and at Sukiya in China, the Group provided "Canola Flower Gyudon" and "Mala Spice Green Bean Gyudon."

The number of restaurants in this reporting segment at the current fiscal year-end was 2,632 (1,957 domestic, 675 overseas), the result of 103 restaurant openings and 84 closures.

(Global Hamasushi)

Net sales of Global Hamasushi in the current fiscal year were 197,058 million yen (up 16.3% year-on-year) with operating profit of 11,417 million yen (up 35.5% year-on-year).

Hamasushi has locations mainly in Japan and China. In addition to sushi using fresh seafood, it offers a wide range of side dishes such as noodles, desserts and drinks, which are enjoyed by both children and adults.

The number of restaurants in this reporting segment at the current fiscal year-end was 667 (605 domestic, 62 overseas), the result of 56 restaurant openings and 2 closures.

(Global Fast Food)

Net sales of Global Fast Food in the current fiscal year were 243,761 million yen (up 57.2% year-on-year) with operating profit of 13,969 million yen (up 90.7% 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 Group 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 take-out sushi, Sushi Circle Gastronomie GmbH, which joined the Group on May 23, 2023, SnowFox Topco Limited, which joined the Group on September 15, 2023, and TCRS Restaurants Sdn. Bhd., a halal certified chicken rice specialty restaurant.

The number of restaurants and stores in this reporting segment at the current fiscal year-end was 10,472 (994 domestic, 9,478 overseas; including 7,845 franchises), the result of 789 restaurant and store openings and 313 closures.

(Restaurants)

Net sales of Restaurants in the current fiscal year were 140,750 million yen (up 20.1% year-on-year) with operating profit of 7,418 million yen (operating loss of 448 million yen in the previous fiscal year-end).

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 barbeque chain that offers carefully selected beef, OLIVE HILL, an Italian cuisine specialty restaurant chain, and Hanaya Yohei, a Japanese cuisine chain.

The number of restaurants in this reporting segment at the current fiscal year-end was 1,189, (1,188 domestic, 1 overseas; including 77 franchises), the result of 20 restaurant openings and 35 closures.

(Retail)

Net sales of Retail in the current fiscal year were 78,429 million yen (up 0.3% year-on-year) with an operating loss of 924 million yen (operating loss of 2,294 million yen in the previous fiscal year-end). 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.

The number of stores in this reporting segment at the current fiscal year-end was 132, the result of 2 store openings and 2 closures.

(Corporate and Support)

Net sales of Corporate and Support in the current fiscal year were 4,456 million yen (up 19.7% year-on-year) with operating profit of 3,948 million yen (up 12.4% year-on-year).

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

(Other)

Net sales of Other in the current fiscal year were 35,979 million yen (up 10.8 % year-on-year) with an operating loss of 605 million yen (operating loss of 157 million yen in the previous fiscal year-end).

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 brown and milled rice .

Assets amounted to 748,056 million yen at the current fiscal year-end, an increase of 278,492 million yen compared with

the previous fiscal year-end. This was mainly due to an increase in cash and deposits resulting from the issuance of new shares by way of public offering, purchase of securities, increases in property, plant and equipment and an increase in intangible assets in association with M&A.

Liabilities amounted to 533,403 million yen at the current fiscal year-end, an increase of 179,677 million yen compared with the previous fiscal year-end. This was mainly due to increases in interest-bearing liabilities and deferred tax liabilities in association with M&A.

Net Assets came at 214,652 million yen at the current fiscal year-end, an increase of 98,815 million yen compared with the previous fiscal year-end. This was mainly due to increases in share capital and capital surplus resulting from preference share issuance and share issuance through public offering, an increase in foreign currency translation adjustment due to the weak yen and an increase in retained earnings, despite a decrease resulting from the acquisition of treasury shares.

(ii) Cash flow conditions

	Amount (Million yen)
Beginning balance of cash and cash equivalents	64,690
Cash flow from operating activities	85,985
Cash flow from investing activities	(125,387)
Cash flow from financing activities	54,633
Ending balance of cash and cash equivalents	82,171
(reference) Free cash flow	(39,401)

In the current fiscal year, cash and cash equivalents (hereinafter referred to as “net cash”) amounted to 82,171 million yen, an increase of 17,481 million yen from the beginning balance.

Cash flow from operating activities resulted in an increase in net cash of 85,985 million yen. This was mainly due to increases in profit before income taxes and depreciation.

Cash flow from investing activities resulted in a decrease in net cash of 125,387 million yen. This was mainly due to acquisition of property, plant and equipment in association with restaurant and store openings, purchase of securities and purchase of shares of subsidiaries resulting in the change in the scope of consolidation.

Cash flow from financing activities resulted in an increase in net cash of 54,633 million yen. This was mainly due to an increase in interest-bearing liabilities, the issuance of shares and the acquisition of treasury shares.

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

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

(iii) Production, orders received and sales

(a) Production

Production by reporting segment during the current fiscal year is as follows.

Reporting Segment	Current fiscal year (From April 1, 2023, to March 31, 2024)	
	Production amount (Million yen)	Year-on-year comparison (%)
Global Sukiya	13,727	114.7
Global Fast Food	777	116.5
Corporate and Support	71,692	109.4
Other	23,225	101.9
Total	109,423	108.4

(b) Orders received

Not applicable.

(c) Sales

Sales by reporting segment during the current fiscal year are as follows.

Reporting Segment	Current fiscal year (From April 1, 2023 to March 31, 2024)	
	Sales amount (Million yen)	Year-on-year comparison (%)
Global Sukiya	265,341	118.6
Global Hamasushi	197,058	116.3
Global Fast Food	243,761	157.2
Restaurants	140,750	120.1
Retail	78,429	100.3
Corporate and Support	4,456	119.7
Other	35,979	110.8
Total	965,778	123.8

(2) Views and issues analyzed/discussed with regard to the status of results of operations, etc. from the management's perspective

Views and issues analyzed/discussed with regard to the status of results of operations, etc. of the Group from the management's perspective are as follows.

The following description contains forward-looking statements which the Group judged at the current fiscal year-end.

(i) Views and issues analyzed/discussed with regard to the status of results of operations, etc. in the current fiscal year

The business environment surrounding the Group continued to be uncertain, affected by factors including the weak yen and soaring raw material and energy prices. Meanwhile, the lifting of movement restrictions in place due to COVID-19 led to a normalization of economic activity, with foot traffic and personal consumption showing signs of recovery. In the restaurant industry as well, demand was on the rise.

Under these circumstances, the business performance in the current fiscal year showed net sales of 965,778 million yen (up 23.8% year-on-year), operating profit of 53,707 million yen (up 147.1% year-on-year), ordinary profit of 50,913 million yen (up 81.3% year-on-year), profit attributable to owners of parent of 30,693 million yen (up 131.4% year-on-year) and ROE of 18.6%.

Net sales of Global Sukiya in the current fiscal year were 265,341 million yen (up 18.6% year-on-year) with operating profit of 18,507 million yen (up 252.7% year-on-year). Net sales of Global Hamasushi in the current fiscal year were 197,058 million yen (up 16.3% year-on-year) with operating profit of 11,417 million yen (up 35.5% year-on-year). Net sales of Global Fast Food in the current fiscal year were 243,761 million yen (up 57.2% year-on-year) with operating profit of 13,969 million yen (up 90.7% year-on-year). Net sales of Restaurants in the current fiscal year were 140,750 million yen (up 20.1% year-on-year) with operating profit of 7,418 million yen (operating loss of 448 million yen in the previous fiscal year-end). Net sales of Retail in the current fiscal year were 78,429 million yen (up 0.3% year-on-year) with an operating loss of 924 million yen (operating loss of 2,294 million yen in the previous fiscal year-end). Net sales of Corporate and Support in the current fiscal year were 4,456 million yen (up 19.7% year-on-year) with operating profit of 3,948 million yen (up 12.4% year-on-year). Net sales of Other in the current fiscal year were 35,979 million yen (up 10.8 % year-on-year) with an operating loss of 605 million yen (operating loss of 157 million yen in the previous fiscal year-end).

Assets amounted to 748,056 million yen at the current fiscal year-end, an increase of 278,492 million yen compared with the previous fiscal year-end. This was mainly due to an increase in cash and deposits resulting from the issuance of new shares by way of public offering, purchase of securities, increases in property, plant and equipment and an increase in intangible assets in association with M&A.

Liabilities amounted to 533,403 million yen at the current fiscal year-end, an increase of 179,677 million yen compared with the previous fiscal year-end. This was mainly due to increases in interest-bearing liabilities and deferred tax liabilities in association with M&A.

Net Assets came at 214,652 million yen at the current fiscal year-end, an increase of 98,815 million yen compared with the previous fiscal year-end. This was mainly due to an increase in share capital and capital surplus resulting from preference share issuance and share issuance through public offering, an increase in foreign currency translation adjustment due to the weak yen and an increase in retained earnings, despite a decrease resulting from the acquisition of treasury shares.

Factors with important effects on the Group business performance are stated in "II. BUSINESS OVERVIEW, 3. Business

risks, etc.”.

The business environment is expected to remain challenging due to the continued rise in raw material, energy and logistics costs in future.

On the other hand, in the restaurant industry, a pickup in personal consumption due to wage hikes by companies and a recovery in foot traffic including inbound travel are expected.

In this environment, the Group is working to provide our customers with safe and delicious food in a sustainable manner as a “food infrastructure.” We will contribute to global stability and development by further strengthening our mass merchandising system (MMD) which provides integrated design and operation from food procurement to production, processing, logistics and sales.

(ii) Status of target achievement for the objective management indicators, etc. for judging the achievement status of management goal

The Group formulates the medium-term management plans covering the three-year period including the fiscal year ended March 31, 2025 and plans stable achievement of 10% ROE as a medium-term objective.

(iii) Analysis and consideration of Cash Flow Status, Capital Financing and Liquidity

Regarding capital financing and liquidity of the Group, cash flows from operating activities resulted in an increase in net cash of 85,985 million yen mainly due to increases in profit before income taxes and depreciation, cash flows from investing activities resulted in a decrease in net cash of 125,387 million yen mainly due to acquisition of property, plant and equipment in association with restaurant and store openings, purchase of securities and purchase of shares of subsidiaries resulting in the change in the scope of consolidation and cash flow from financing activities resulted in an increase in net cash of 54,633 million yen mainly due to an increase in interest-bearing liabilities, the issuance of shares and the acquisition of treasury shares.

As a result of the above, at the current fiscal year-end, cash and cash equivalents amounted to 82,171 million yen, up 17,481 million yen from the beginning of the fiscal year.

The Group will use its own funds to cover immediate capital investment, shareholder returns and other matters. However, investments such as M&A, which could become a new source of revenue and contribute to improving corporate value, are continuously considered and funding through borrowings from financial institutions is also considered.

The Company’s shelf registration obtains credit rating of “BBB+” from Japan Credit Rating Agency, Ltd. (JCR).

As to the funds on hand, the Group has secured a sufficient level of funds, while strengthening the relationships with multiple financial institutions and established a system that enables stable fund procurement. Furthermore, the Group is working to improve fund efficiency by introducing CMS (Cash Management Service) at the Company and its domestic consolidated subsidiaries and concentrating surplus funds of each group company to the Company to conduct central management of fund.

(iv) Important accounting estimates and assumptions used in such estimates

The Group's consolidated financial statements are prepared in accordance with accounting principles generally accepted in Japan ("Japanese GAAP"). In preparing these consolidated financial statements, the Group uses estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses; however, figures based on these estimates and assumptions may differ from actual results.

The significant accounting estimates and assumptions used in the preparation of the consolidated financial statements are as below.

(a) Realizability of deferred tax assets

Realizability of deferred tax assets is determined by whether they have the effect of reducing future tax burdens. The determination is based on whether it satisfies one of the following sufficiency requirements; sufficiency of taxable income before addition or subtraction of temporary differences from the viewpoint of profitability or tax planning and sufficiency of taxable temporary differences. For non-collectible portion, the Group recognizes the valuation allowance and reduces the carrying amount of deferred tax assets accordingly.

When determining the sufficiency of taxable income before addition or subtraction of temporary differences from the viewpoint of profitability, the Group estimates the fiscal year in which temporary differences are expected to be eliminated and the taxable income in the carry-forward/carry-over period. Taxable income is estimated based on the figures used in the medium-term management plans with some adjustments to make them consistent with information on external factors such as the business environment and its internal information (achievement status of medium-term management plans in the past, budget, etc.). In Japan, as described in "V. FINANCIAL INFORMATION 1. Consolidated Financial Statements, etc. (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, (Matters related to tax effect accounting)", the Company and certain consolidated subsidiaries apply the group tax sharing system and the portion related to corporate tax is estimated by the tax sharing group as a whole.

In case the estimation and the assumption need to be revised due to uncertain future fluctuations in economic conditions, etc., the realizability of deferred tax assets will fluctuate from the following fiscal year and onward, thus additional recognition or reversal of valuation allowance may be required and it may result in a significant impact to the consolidated financial statements for that period.

(b) Impairment of property, plant and equipment, intangible assets, etc.

The Group classifies its property, plant and equipment, intangible fixed assets and others including restaurant and store assets into the smallest unit such as restaurants and stores that generates generally independent cash flows. For asset groups that show continuous negative cash flows from operating activities in managerial accounting, the Group determines that there are signs of impairment and makes decisions whether to recognize an impairment loss and record the impairment loss accordingly. In determining the recognition of an impairment loss, the total amount of undiscounted future cash flows of the asset group is compared with the book value, using the average remaining useful life of the major assets as the estimated period of undiscounted future cash flows.

The amount of impairment losses on assets to be recognized are calculated by subtracting the recoverable amount from the book value. The fair value less cost to sell or the value in use is generally used as the recoverable amount. The fair value less cost to sell is mainly based on the roadside land price or the assessed value for property tax with reasonable adjustments. The value in use is the present value of future cash flows expected to arise from continued use of the asset group and from disposal after use. The discount rate used to calculate the present value is an interest rate of pre-tax value that reflects the time value of money, while those of directly-managed restaurant and store assets are mainly set at zero because no cash flows is expected in the future.

For trademark rights whose useful life cannot be determined, an impairment test is conducted once a year by the fiscal year-end, regardless of whether there is any sign of impairment. The impairment test is conducted by comparing the book value of the trademark right with the recoverable amount. If the recoverable amount is lower than the book value, the book value is reduced to the recoverable amount and an impairment loss is recognized. The value in use (present value of future cash flows) is used as the recoverable amount.

In determining the recording of an impairment loss, certain assumptions are set for average remaining useful life of major assets, future cash flows based on operating profit-and-loss items such as sales, material costs and labor costs in the future business plans, discount rates and other indicators (growth rate, etc.). These assumptions are determined based on the best

estimates and judgments of the management. However, they may be affected by changes in future business plans and economic conditions. If they need to be amended, it may have a significant impact on the amount of impairment losses in the consolidated financial statements of the following fiscal year and thereafter.

As described in “V. FINANCIAL INFORMATION, 1. Consolidated Financial Statements, etc., (1) Consolidated Financial Statements, Notes to the Consolidated Financial Statements, (Matters related to consolidated statements of income), *7. Impairment losses,” the Group recorded an impairment loss on its directly-managed restaurants and stores, etc. 1,350million yen) in the current fiscal year.

(c) Impairment of goodwill

The Group classifies its assets in larger units by adding goodwill to multiple asset groups relate to the business to which goodwill belongs. For businesses whose operating profit/loss (after considering goodwill amortization) continues to be negative, the Group determines that there are signs of impairment in goodwill and determines whether to recognize an impairment loss and records the impairment loss accordingly.

In determining the recognition of an impairment loss, the total amount of undiscounted future cash flows of the business to which goodwill belongs is compared with the book value of the asset group including goodwill, using the remaining useful life of the goodwill as the estimated period of undiscounted future cash flows.

The amount of impairment losses on the goodwill to be recognized are calculated by subtracting the recoverable amount from the book value. The value in use is used as the recoverable amount and it is the present value of future cash flows of the business to which goodwill belongs. The discount rate used to calculate the present value is an interest rate of pre-tax value that reflects the time value of money.

In determining the recording of an impairment loss, certain assumptions are set for remaining useful life of goodwill, future cash flows based on operating profit-and-loss items such as sales, material costs and labor costs in the future business plans, discount rates and other indicators (growth rate, etc.). These assumptions are determined based on the best estimates and judgments of the management. However, they may be affected by changes in future business plans and economic conditions. If they need to be amended, it may have a significant impact on the amount of impairment losses in the consolidated financial statements of the following fiscal year and thereafter.

5. Material Contracts

Not applicable.

6. Research and Development

The Group's research departments (Corporate and Support segment), led by the Zensho Central Institute for Science and Technology, are engaged in research and development activities in the fields of food development, cooking technology, taste and health in order to further improve the taste and freshness of food.

In addition, the Group actively pursues joint research with various national/international universities and other research institutions.

The details of research and development activities are as follows.

- (1) Research on production technologies aimed at quality improvement and stable production of food.
- (2) Research on aquaculture technology
- (3) Research on food processing technology.
- (4) Equipment development to provide customers with tasty products quickly and to maintain and improve food freshness.
- (5) Research on sensory evaluation techniques for the quantitative taste expression.
- (6) Research to clarify the mechanisms of sensory information such as taste and smell to understand the taste that human feel when they eat food.
- (7) Research on food and health, including the function of nutrients in food.

As a result of the above, research and development cost in the current fiscal year amount to 682 million yen.

III. STATUS OF EQUIPMENT

1. Overview of Capital Investments, etc.

The Group made capital investments of 64,126 million yen to accommodate the diverse needs of customers.

The breakdown of major investments consists of 16,582 million yen in Global Sukiya, 10,815 million yen in Global Hamasushi, 6,423 million yen in Global Fast Food, 11,103 million yen in Restaurants, and 17,412 million yen in Corporate and Support.

The above capital investments include investments related to the acquisition of property, plant and equipment and intangible assets, as well as payment of guarantee deposits.

2. Principal Facilities

The main facilities of the Group are listed in the tables below.

(1) The Company

(As of March 31, 2024)

Site name (location)	Reporting Segment	Facility type	Book value (Million yen)						Number of employees (Persons)
			Buildings and structures	Machinery, equipment and vehicles	Land (Thousand m ²)	Leased assets	Other	Total	
Head office (Minato-ku, Tokyo)	Corporate and Support	Head-office, etc.	5,434	50	13,294 (111,018)	8,804	1,147	28,730	849
Factories (7 sites)	Corporate and Support	Production facilities	2,824	327	992 (72,953)	347	36	4,527	56

Notes: 1. The amounts are book value and do not include construction in progress.

2. In addition to the above, the Company has real estate lease contracts for lands and buildings. The annual lease expense is 1,708 million yen.

3. In addition to the above, the Company has lease contracts for production facilities, etc. The annual lease expense is 258 million yen.

4. Number of employees includes part-time employees (176 hours per month converted to one person).

(2) Domestic subsidiaries

(As of March 31, 2024)

Company name	Site name (location)	Reporting segment	Facility type	Book value (Million yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (Thousand m ²)	Leased assets	Other	Total	
Sukiya Co., Ltd.	Restaurants, etc. (1,957 Restaurants)	Global Sukiya	Sales facilities, etc.	18,642	0	— (—)	1,359	2,810	22,814	19,215
Hama-sushi Co., Ltd.	Restaurants, etc. (605 Restaurants)	Global Hamasushi	Sales facilities, etc.	17,865	0	— (—)	6,653	12,744	37,263	19,984
Nakau Co., Ltd.	Restaurants, etc. (455 Restaurants)	Global Fast Food	Sales facilities, etc.	3,370	—	— (—)	1,098	379	4,847	4,120
Lotteria Co., Ltd.	Restaurants, etc. (351 Restaurants)	Global Fast Food	Sales facilities, etc.	1,599	—	— (—)	383	2	1,985	2,024
Coco's Japan Co., Ltd.	Restaurants, etc. (511 Restaurants)	Restaurants	Sales facilities, etc.	5,910	2,495	836 (9,059)	250	1,945	11,438	6,364
Jolly-Pasta Co., Ltd.	Restaurants, etc. (318 Restaurants)	Restaurants	Sales facilities, etc.	3,346	0	2,466 (22,955)	1,326	642	7,781	2,709
Big Boy Japan Inc.	Restaurants, etc. (172 Restaurants)	Restaurants	Sales facilities, etc.	2,944	—	325 (2,177)	11	1,418	4,700	1,882
TAG-1 Co., Ltd.	Restaurants, etc. (95 Restaurants)	Restaurants	Sales facilities, etc.	3,390	33	— (—)	78	1,158	4,661	1,524
Olive Hill Co., Ltd.	Restaurants, etc. (54 Restaurants)	Restaurants	Sales facilities, etc.	3,243	27	525 (89)	1,012	262	5,071	851
JOY MART CO., LTD.	Stores, etc. (101 Stores)	Retail	Sales facilities, etc.	6,801	38	6,512 (118,801)	7	1,591	14,950	2,831
GFF Co., Ltd.	Factories (17 factories)	Corporate and Support	Production facilities etc.	3,760	3,464	235 (13,787)	1	63	7,524	1,641

Notes: 1. The amounts are book value and do not include construction in progress.

2. The amounts include land of 2,065 million yen (31,594 m²) and buildings and structures of 314 million yen, which are rented to parties other than consolidated companies.

3. In addition to the above, domestic subsidiaries have real estate lease contracts for lands and buildings. The annual lease expense is 47,283 million yen.

4. In addition to the above, domestic subsidiaries have lease contracts for sales facilities, etc. The annual lease expense is 625 million yen.

5. Number of employees includes part-time employees (176 hours per month converted to one person).

(3) Overseas subsidiaries

(As of March 31, 2024)

Company name	Site name (location)	Reporting segment	Facility type	Book value (Million yen)						Number of employees (Persons)
				Buildings and structures	Machinery, equipment and vehicles	Land (Thousand m ²)	Leased assets	Other	Total	
Zensho Restaurant (Shanghai) Co., Ltd.	China/ Restaurants, etc. (436 Restaurants)	Global Sukiya	Sales facilities, etc.	3,317	0	— (—)	5,182	444	8,945	2,367
Zensho Taiwan Co., Ltd.	Taiwan/ Restaurants, etc. (71 Restaurants)	Global Sukiya	Sales facilities, etc.	2,210	194	— (—)	—	368	2,773	666
Zensho Restaurant (Shanghai) Co., Ltd.	China/ Restaurants, etc. (53 Restaurants)	Global Hamasushi	Sales facilities, etc.	1,565	0	— (—)	2,288	160	4,014	1,082
Zensho Taiwan Co., Ltd.	Taiwan/ Restaurants, etc. (8 Restaurants)	Global Hamasushi	Sales facilities, etc.	575	52	— (—)	—	98	725	178
TCRS Restaurants Sdn.Bhd. etc.	Malaysia/ Restaurants, etc. (185 Restaurants)	Global Fast Food	Sales facilities, etc.	1,508	2	— (—)	1,506	796	3,814	2,624
Advanced Fresh Concepts Corp. etc.	U.S. etc./ Stores, etc. (4,893 Stores)	Global Fast Food	Sales facilities, etc.	2,417	327	2,241 (17,277)	285	371	5,641	706
Sushi Circle Gastronomie GmbH	Germany, etc. / Stores, etc. (275 Stores)	Global Fast Food	Sales facilities, etc.	1,945	—	— (—)	2,715	182	4,843	590
SnowFox Topco, LTD. etc.	Europe and America, etc. / Stores, etc. (3,911 Stores)	Global Fast Food	Sales facilities, etc.	2,804	1,863	— (—)	6,991	4,255	15,915	3,313

Notes: 1. The amounts are book value and do not include construction in progress.

2. In addition to the above, overseas subsidiaries have real estate lease contracts for lands and buildings. The annual lease expense is 52,923 million yen.

3. In addition to the above, overseas subsidiaries have lease contracts for sales facilities, etc. The annual lease expense is 1,008 million yen.

4. Number of employees includes part-time employees (176 hours per month converted to one person).

3. Plans for New Additions or Disposals, etc. of Facilities

Basically, the capital investment plans of the Group are individually formulated by each consolidated subsidiary, and the Company mainly adjusts those plans. Major plans for facilities at the current fiscal year-end are as follows.

(1) Major plans for new additions and refurbishment of facilities

Company name	Site name	Reporting segment	Facility type	Planned investment amount		Sources of funding	Scheduled commencement / completion		Increased capacity after completion (restaurants/stores)
				Total amount (Million yen)	Amount paid (Million yen)		Commencement	Completion	
Sukiya Co., Ltd.	Restaurants	Global Sukiya	Sales facilities	17,321	—	Own fund and borrowings	April, 2024	March, 2025	46
Hamasushi Co., Ltd.	Restaurants	Global Hamasushi	Sales facilities	19,224	—	Own fund and borrowings	April, 2024	March, 2025	50
Zensho Restaurant (Shanghai) Co., Ltd.	Restaurants	Global Hamasushi	Sales facilities	3,685	—	Own fund and borrowings	April, 2024	March, 2025	28
Lotteria Co., Ltd.	Restaurants	Global Fast Food	Sales facilities	2,371	—	Own fund and borrowings	April, 2024	March, 2025	5
SnowFox Topco, LTD. etc.	Stores	Global Fast Food	Sales facilities	4,385	—	Own fund and borrowings	April, 2024	March, 2025	796
Coco's Japan Co., Ltd.	Restaurants	Restaurants	Sales facilities	7,940	—	Own fund and borrowings	April, 2024	March, 2025	-
Jolly-Pasta Co., Ltd.	Restaurants	Restaurants	Sales facilities	2,379	—	Own fund and borrowings	April, 2024	March, 2025	5
Big Boy Japan Inc.	Restaurants	Restaurants	Sales facilities	2,199	—	Own fund and borrowings	April, 2024	March, 2025	-
Olive Hill Co., Ltd.	Restaurants	Restaurants	Sales facilities	2,774	—	Own fund and borrowings	April, 2024	March, 2025	12

(2) Plans for restaurant and store openings

Plans for restaurant and store openings at the current fiscal year-end are as follows.

Reporting segment	Total (restaurants/ stores)
Global Sukiya	122
Global Hamasushi	81
Global Fast Food	1,224
Restaurants	19
Retail	1
Other	3
Total	1,450

IV. INFORMATION ON THE COMPANY

1. Information on the Company's Share, etc.

(1) Total number of shares, etc.

(i) Total number of shares

Class	Total number of shares authorized to be issued (shares)
Common share	432,000,000
Class A preferred share	1,000
Total	432,001,000

(ii) Issued shares

(Shares)

Class of shares	Issued shares as of March 31, 2024	Issued shares as of filing date (June 28, 2024)	Name of listed financial instruments exchange	Description
Common share	160,733,225	160,733,225	Prime market of Tokyo Stock Exchange	The standard shares without limitations on the shareholders' rights Share unit 100
Class A preferred share	300	300	—	(Note)
Total	160,733,525	160,733,525	—	—

Note: The details of the class A preferred share are as follows.

1) Preferred dividends

i) Preferred dividends

The Company shall pay class A preferred dividends to class A preferred share shareholders or registered pledgees of class A preferred shares (hereinafter, "class A preferred share shareholders, etc.") recorded in the final register of shareholders on the year-end dividend record date, ahead of common share shareholders or registered pledgees of common shares (hereinafter, "common share shareholders, etc.") recorded in the final register of shareholders on the same date.

The amount shall be calculated by multiplying the amount paid per class A preferred share by an annual distribution rate (however, with a maximum of up to 8%) in accordance with the calculation method to be determined by a resolution of the Board of Directors ahead of the issuance of the class A preferred shares, and the amount shall be calculated in proportion with the ratio of the actual number of days in the period from the first day of the fiscal year to which the year-end dividend record date belongs (or the payment date) until the year-end dividend record date to a year consisting of 365 days.

When class A preferred interim dividends have been paid in the fiscal year to which the year-end dividend record date belongs, the payment shall be that after subtracting the total amount.

ii) Terms for accumulation

If the total amount of dividends paid per share to class A preferred share shareholders, etc. is less than the class A preferred dividend amount for the fiscal year, the shortfall ("unpaid class A preferred dividends") shall accumulate from the first day of the following fiscal year onward in accordance with the calculation method determined by a resolution of the Board of Directors ahead of the issuance of the class A preferred shares at the annual distribution rate (however, with a maximum of up to 8%). This calculation shall be made on a prorated daily basis, based on a year consisting of 365 days.

The accumulated unpaid class A preferred dividends shall be distributed to class A preferred share shareholders, etc. ahead of the distribution from surplus to class A preferred share shareholders, etc. and the distribution from surplus to common share shareholders, etc. until the amount of cumulative unpaid class A preferred dividends per class A preferred share has been reached.

If there are accumulated unpaid class A preferred dividends for more than one fiscal year, dividends shall be distributed from the accumulated unpaid class A preferred dividends for the oldest fiscal year first.

iii) Terms for non-participation

The Company shall not pay dividends of surplus exceeding the total amount of class A preferred dividends and accumulated unpaid class A preferred dividends to class A preferred share shareholders, etc.

iv) Preferred interim dividends

When paying interim dividends with a record date other than the last day of the fiscal year, the Company shall pay class A preferred interim dividends to class A preferred share shareholders, etc. recorded in the final register of shareholders on the interim dividend record date, ahead of common share shareholders, etc.

The amount shall be calculated by multiplying the amount paid per class A preferred share by an annual distribution rate (however, with a maximum of up to 8%) in accordance with the calculation method to be determined by a

resolution of the Board of Directors ahead of the issuance of the class A preferred shares, and the amount shall be calculated in proportion with the ratio of the actual number of days in the period from the first day of the fiscal year to which the interim dividend record date belongs until the interim dividend record date to a year consisting of 365 days.

When class A preferred interim dividends have been paid in the fiscal year to which the interim dividend record date belongs, the payment shall be that after subtracting the total amount.

v) Annual distribution rate determined by the resolution of the Board of Directors

a) From the payment date until the day preceding the date corresponding to five years after the payment date ("step-up record date")

Annual rate 5.4%

b) After step-up record date

Annual rate 6.4%

2) Right to request redemption with cash as consideration

Class A preferred shareholders are entitled to request the Company at any time to acquire all or part of the class A preferred shares held in exchange for cash, as long as the payment does not exceed the surplus available for distribution ("redemption request"). If the Company receives a request to acquire these shares, the procedure prescribed by laws and regulations is performed. If only part of the class A preferred shares submitted for acquisition by the Company can be purchased, the number of shares acquired will be determined by using proportional allocation, a drawing, or some other reasonable method as determined by the Board of Directors.

The acquisition price per class A preferred share is the basic redemption price minus the deduction price, and these prices are calculated using the following formulas.

If more than one preferred dividend has been paid prior to the redemption request as stipulated in the following formulas, the deduction price for each dividend is calculated and the total is subtracted from the basic redemption price.

(Basic redemption price)

If the redemption request date falls between the payment date and the day preceding the step-up record date, the amount of the basic redemption price shall be "Basic redemption price A" and if the redemption request date falls after the step-up record date, it shall be "Basic redemption price B."

Basic redemption price A

= Amount paid per class A preferred share $\times (1+0.054)^{m+n/365}$

Basic redemption price B

= Amount paid per class A preferred share $\times (1+0.054)^5 \times (1+0.064)^{o+p/365}$

The number of days belonging to the period from the payment date to the redemption request date is "m years and n days." The number of days from the step-up record date to the redemption request date is "o years and p days."

(Deduction price)

If the redemption request date falls between the payment date and the day preceding the step-up record date, the amount of the deduction price shall be "Deduction price A" and if the redemption request date falls after the step-up record date, it shall be "Deduction price B."

Deduction price A

= Preferred dividends paid prior to the redemption request $\times (1+0.054)^{v+w/365}$

Deduction price B

= Preferred dividends paid prior to the redemption request $\times (1+0.054)^{v+w/365} \times (1+0.064)^{x+y/365}$

The number of days belonging to the period from the payment date of the preferred dividends paid prior to the redemption request to the redemption request date is "v years and w days." However, for the calculation of Deduction price B, the number of days belonging to the period from the payment date of the preferred dividends paid prior to the redemption request to the step-up record date is "v years and w days." The number of days belonging to the period from the payment date of the preferred dividends paid prior to the redemption request (however, if the payment date comes before the day preceding the step-up record date, this shall be the step-up record date) to the redemption request date is "x years and y days."

3) Terms for acquisition with cash as consideration (mandatory redemption)

Based on a resolution of its Board of Directors, the Company may at any time acquire all or part of the class A preferred shares on a designated date in exchange for cash payments that do not exceed the surplus available for distribution (mandatory redemption). For the acquisition of only part of the class A preferred shares, the Company uses proportional allocation, a drawing or some other reasonable method as determined by the Company's Board of Directors.

The acquisition price per class A preferred share is an amount equal to the basic redemption price minus an amount equal to the deduction price as stipulated in 2), however, for the amounts equal to the basic redemption price and the deduction price, in the basic redemption price formula and the deduction price formula, the "redemption request date" is instead listed and calculated as the "mandatory redemption date" and "preferred dividends paid prior to the redemption request" is instead listed and calculated as "preferred dividends paid prior to the mandatory redemption".

If more than one preferred dividend has been paid prior to the mandatory redemption, an amount equal to the deduction price for each dividend is calculated and the total is subtracted from an amount equal to the basic redemption price.

4) Distribution of residual assets

When distributing residual assets, for each class A preferred share, the Company shall pay an amount equal to the basic redemption price minus an amount equal to the deduction price as cash to class A preferred share shareholders, etc., ahead of common share shareholders, etc. as stipulated in 2), however, for the amounts equal to the basic redemption price and the deduction price, in the basic redemption price formula and the deduction price formula, the “redemption request date” is instead listed and calculated as the “residual assets distribution date” and “preferred dividends paid prior to the redemption request” is instead listed and calculated as “preferred dividends paid prior to the dissolution”.

If more than one preferred dividend has been paid prior to the dissolution, an amount equal to the deduction price for each dividend is calculated and the total is subtracted from an amount equal to the basic redemption price.

5) Voting rights

Unless otherwise provided for in laws and regulations, class A preferred share shareholders shall not possess any voting rights at the General Meeting of Shareholders considering the effect on the rights of ordinary shareholders, as they intend to raise funds.

6) Consolidation or split of shares, etc.

Unless otherwise provided for in laws and regulations, the Company shall not conduct a consolidation or split of shares in regard to the class A preferred shares. Class A preferred share shareholders shall not be granted the right to be allotted shares offered or share acquisition rights offered, and no gratis allotment of shares or share acquisition rights shall be conducted for these shareholders.

(2) Subscription rights to shares, etc.

(i) Details of stock option plans

Not applicable.

(ii) Details of rights plans

Not applicable.

(iii) Other share acquisition rights, etc.

Not applicable.

(3) Exercise of bonds, etc., with subscription rights to shares with an amended exercise price

Not applicable.

(4) Changes in issued shares and in capital

Date	Changes in the total number of issued shares (Shares)	Total number of issued shares (Shares)	Changes in paid-in capital (Million yen)	Balance of paid-in capital (Million yen)	Changes in legal capital surplus (Million yen)	Balance of legal capital surplus (Million yen)
August 1, 2019 (Note 1)	2,349,958	Common share 151,990,403	—	23,470	—	23,392
February 20, 2020 (Note 2)	2,872,422	Common share 154,862,825	3,525	26,996	3,525	26,918
September 29, 2023 (Note 3)	Class A Preferred Share 300	Common share 154,862,825 Class A Preferred share 300	15,000	41,996	15,000	41,918
September 29, 2023 (Note 4)	—	Common share 154,862,825 Class A Preferred share 300	(15,000)	26,996	(15,000)	26,918
December 11, 2023 (Note 5)	Common share 5,218,000	Common share 160,080,825 Class A Preferred share 300	18,222	45,218	18,222	45,141
January 10, 2024 (Note 6)	Common share 652,400	Common share 160,733,225 Class A Preferred share 300	2,278	47,497	2,278	47,419

Notes: 1. Effective as of August 1, 2019, the Company conducted a share exchange, in which the Company became the wholly-owning parent company of Jolly-Pasta Co., Ltd. As a result, total number of shares issued and outstanding increased by 2,349,958 and became 151,990,403.

2. Effective as of February 20, 2020, the Company conducted a share exchange, in which Nihon Restaurant Holdings Co., Ltd., a wholly owned subsidiary of the Company, became the wholly-owning parent company of Coco's Japan Co., Ltd. As a result, total number of issued shares increased by 2,872,422 and became 154,862,825.

3. Third-party share issuance

Allottee: Development Bank of Japan Inc. and Mizuho Bank, Ltd.
Issue price: 100,000,000 yen
Capital inclusion: 50,000,000 yen

4. At the Board of Directors Meeting held on July 18, 2023, for the entire increase in paid-in capital and legal capital surplus resulting from the payment of the Class A preferred shares, the company resolved to reduce the amount of paid-in capital and legal capital surplus and to transfer it to other capital surplus, effective on the payment date.

(Rate of capital reduction: paid-in capital 35.7%, legal capital surplus 35.8%)

5. Primary offering

Issue price: 7,285.00 yen
Subscription price: 6,984.56 yen
Capital inclusion: 3,492.28 yen

6. Third-party share issuance (related to secondary offering by way of overallotment)

Allottee: Nomura Securities Co., Ltd.
Issue price: 6,984.56 yen
Capital inclusion: 3,492.28 yen

(5) Status by shareholder category

Common share

(As of March 31, 2024)

(As of March 31, 2024)

Category	Status of shares (1 unit = 100 shares)								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Japanese financial instruments business operators	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	—	34	41	766	449	157	127,052	128,499	—
Number of shares held (units)	—	224,138	10,582	553,661	200,539	683	610,656	1,600,259	707,325
Shareholding ratio (%)	—	14.0	0.7	34.6	12.5	0.0	38.2	100.0	—

Notes: 1. “Individuals and other” and “Shares less than one unit” include 37,766 units and 35 shares of treasury shares, respectively (Total 3,776,635 shares). This treasury shares balance does not include 291,800 treasury shares held by Custody Bank of Japan., Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

2. “Other corporations” and “Shares less than one unit” include 30 units and 6 shares held under the name of Japan Securities Depository Center, Incorporated, respectively.

Class A Preferred share

(As of March 31, 2024)

(As of March 31, 2024)

Category	Status of shares								Shares less than one unit (Shares)
	National and local governments	Financial institutions	Japanese financial instruments business operators	Other corporations	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders (persons)	—	2	—	—	—	—	—	2	—
Number of shares held (units)	—	300	—	—	—	—	—	300	—
Shareholding ratio (%)	—	100.0	—	—	—	—	—	100.0	—

Notes: These shares do not have voting rights and are shares with the right to receive preferred dividends.

(6) Major shareholders

(i) By number of shares held

(As of March 31, 2024)

Name	Address	Number of shares held (Thousand shares)	Shareholding ratio (excluding treasury share) (%)
Nihon Create Co., Ltd.	1087-1, Hirato-cho, Totsuka-ku, Yokohama city, Kanagawa, Japan	52,307	33.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo, Japan	12,517	7.98
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	4,855	3.09
Kentaro Ogawa	Totsuka-ku, Yokohama city, Kanagawa, Japan	3,170	2.02
Kazumasa Ogawa	Totsuka-ku, Yokohama city, Kanagawa, Japan	3,160	2.01
Yohei Ogawa	Totsuka-ku, Yokohama city, Kanagawa, Japan	3,160	2.01
Zensho Group Employee Shareholding Association	2-18-1, Konan, Minato-ku, Tokyo, Japan	2,786	1.78
State Street Bank West Client-Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1776 Heritage Drive, North Quincy, MA 02171 U.S.A. (Shinagawa Intercity A, 2-15-1, Konan, Minato-ku, Tokyo, Japan)	1,890	1.20
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, E14 5JP United Kingdom (Shinagawa Intercity A, 2-15-1, Konan, Minato-ku, Tokyo, Japan)	1,221	0.78
SSBTC Client omnibus account (Standing proxy: The Hongkong and Shanghai Banking corporation Limited Tokyo Branch Custody Operations Division)	One Congress Street, Suite 1, Boston, Massachusetts (3-11-1, Nihonbashi, Chuo-ku, Tokyo, Japan)	884	0.56
Total	—	85,956	54.76

Notes: 1. Nihon Create Co., Ltd. is the company whose voting rights are 100% held by Kentaro Ogawa, Representative Director, Chairman, President & CEO of the Company, and his second-degree relatives.

2. Number of shares held by Yohei Ogawa includes shares held by Sumitomo Mitsui Trust Bank, Limited under an administration trust contract concluded on February 20, 2022. (3,150,000 shares as of March 31, 2024)

3. All shares held by The Master Trust Bank of Japan, Ltd. and Custody Bank of Japan, Ltd. are held through trusts.

4. In addition to the above, the Company holds 3,776 thousand shares of treasury share. This treasury shares balance does not include 291 thousand treasury shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

(2) By number of voting rights held

(As of March 31, 2024)

Name	Address	Number of voting rights held (Units)	Ratio of voting rights held to the total number of voting rights (%)
Nihon Create Co., Ltd.	1087-1, Hirato-cho, Totsuka-ku, Yokohama city, Kanagawa, Japan	523,075	33.48
The Master Trust Bank of Japan, Ltd. (Trust Account)	1-8-1, Akasaka, Minato-ku, Tokyo, Japan	125,179	8.01
Custody Bank of Japan, Ltd. (Trust Account)	1-8-12, Harumi, Chuo-ku, Tokyo, Japan	48,558	3.11
Kentaro Ogawa	Totsuka-ku, Yokohama city, Kanagawa, Japan	31,704	2.03
Kazumasa Ogawa	Totsuka-ku, Yokohama city, Kanagawa, Japan	31,608	2.02
Yohei Ogawa	Totsuka-ku, Yokohama city, Kanagawa, Japan	31,608	2.02
Zensho Group Employee Shareholding Association	2-18-1, Konan, Minato-ku, Tokyo, Japan	27,866	1.78
State Street Bank West Client-Treaty 505234 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	1776 Heritage Drive, North Quincy, MA 02171 U.S.A. (Shinagawa Intercity A, 2-15-1, Konan, Minato-ku, Tokyo, Japan)	18,907	1.21
JP MORGAN CHASE BANK 385781 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	25 Bank Street, Canary Wharf, London, E14 5JP United Kingdom (Shinagawa Intercity A, 2-15-1, Konan, Minato-ku, Tokyo, Japan)	12,212	0.78
SSBTC Client omnibus account (Standing proxy: The Hongkong and Shanghai Banking corporation Limited Tokyo Branch Custody Operations Division)	One Congress Street, Suite 1, Boston, Massachusetts (3-11-1, Nihonnabashi, Chuo-ku, Tokyo, Japan)	8,846	0.57
Total	—	859,563	55.01

(7) Voting rights

(i) Issued shares

(As of March 31, 2024)

Category	Number of shares (Shares)	Number of voting rights (Units)	Description
Non-voting shares	Class A Preferred share 300	—	As stated in "1. Information on the Company's Share, etc. (1) Total number of shares, etc. (ii) Issued shares".
Share with restricted voting rights (treasury share, etc.)	—	—	—
Share with restricted voting rights (others)	—	—	—
Shares with full voting rights (treasury share, etc.)	(treasury share) Common share 3,776,600	—	The standard shares without limitations on the shareholders' rights Share unit = 100 shares
Shares with full voting rights (others)	Common share 156,249,300	1,562,493	Same as above
shares less than one unit	Common share 707,325	—	Same as above
Total number of issued shares	160,733,525	—	—
Voting rights of all shareholders	—	1,562,493	—

Notes: 1. "Shares with full voting rights (others)" includes 3,000 shares (30 voting rights) held under the name of Japan Securities Depository Center, Incorporated.

2. "Common share" of "Shares with full voting rights (others)" include 291,800 treasury shares (2,918 voting rights) held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT). This voting rights of 2,918 are not exercised.

(ii) Treasury shares, etc.

(As of March 31, 2024)

Shareholder name	Shareholder address	Number of shares held under own name (Shares)	Number of shares held under the names of others (Shares)	Total number of shares held (Shares)	Shareholding ratio (%)
(Treasury shares) Zensho Holdings, Co., Ltd.	2-18-1 Konan, Minato-ku, Tokyo, Japan	3,776,600	—	3,776,600	2.35
Total	—	3,776,600	—	3,776,600	2.35

Note: The above treasury shares, etc. do not include 291,800 treasury shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

(8) Detail of Director/Employee Ownership Plan

(i) Overview of performance-linked stock compensation system for Directors, etc.

The Company introduced a performance-linked stock 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 Directors and Executive Officers (excluding Outside Directors or the Audit & Supervisory Committee Members, hereinafter, “Directors, etc.”). The Company intends to raise awareness among Directors, etc. to contribute to improving the Company’s business performance and increasing its corporate value over the medium to long term, by clarifying the link between the compensation for Directors, etc. and the Company’s business performance and stock value, and by sharing with shareholders not only the benefits of an increase in stock price but also the risk of a decline in stock price.

This System is the scheme under which the Company’s shares are 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 are 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., is after their retirement.

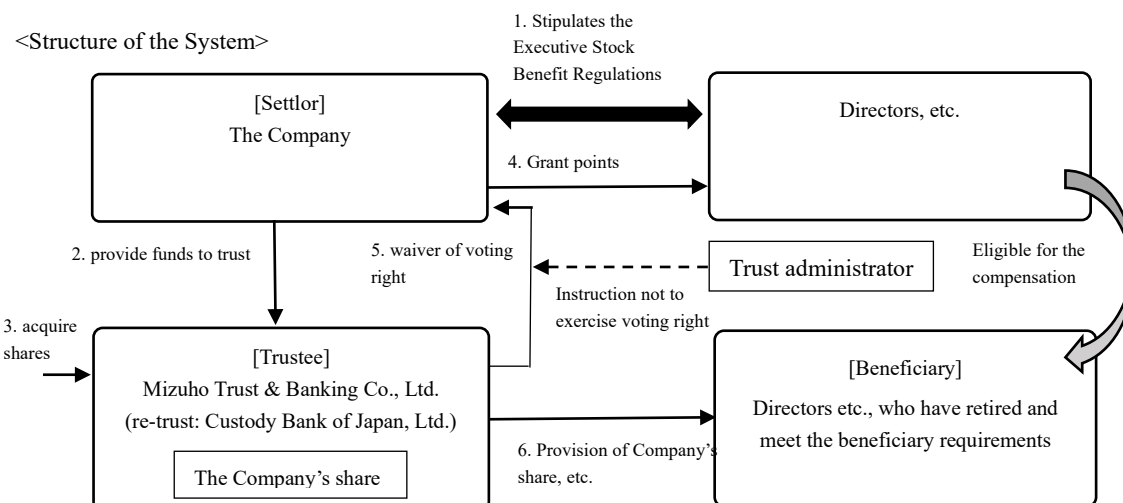
(ii) Number of shares to be paid to Directors, etc.

For the three years period from fiscal year ending March 2023 to fiscal year ending March 2025 (and for each of the three fiscal years starting after that), upper limit of total number of shares to be allocated to Directors and Executive Officers are 225,000 shares and 67,500 shares, respectively. The same upper limits will be applied for every three years period starting after the end of March 2025.

The number of the Company’s shares held by Custody Bank of Japan, Ltd. (Trust E Account) are 291,800 shares as of March 31, 2024.

(iii) Scope of beneficiary and other eligible persons

“Directors, etc.” who has retired and satisfied the requirements set out in the Executive Stock Benefit Regulations (hereinafter, the “Beneficiary”).



1. The Company stipulates the Executive Stock Benefit Regulations within the scope of the approval of the General Meeting of Shareholders.
2. The Company provides funds to the Trust within the scope of the approval of the General Meeting of Shareholders as stated in 1. above.
3. The Trust acquires the Company’s shares through stock exchange or through disposal of treasury shares of the Company, using the fund provided by the Company as stated in 2. above.
4. The Company grants points to Directors, etc. based on the Executive Stock Benefit Regulations.
5. The Trust does not exercise the voting rights of the shares held under the trust account following the instruction of an independent trust administrator.
6. Depending on the number of points granted, the Trust allocates a number of shares to the Beneficiary. If Directors, etc. satisfy the requirements stipulated in the Executive Stock Benefit Regulations, a certain portion of the points will be rewarded by an amount of money which is equivalent to the fair value of the Company’s shares.

2. Acquisitions of Treasury Shares

<Type of shares, etc.>

Acquisitions of common share according to Article 155, Paragraph 3 and Article 155, Paragraph 7 of the Companies Act of Japan.

(1) Acquisitions by a resolution of the General Meeting of Shareholders

Not applicable.

(2) Acquisitions by a resolution of the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Resolution at the Board of Directors Meeting (August 10, 2023) (Acquisition period: August 1, 2023 - August 31, 2023)	1,130,000	8,500,000,000
Treasury shares acquired before the current fiscal year	—	—
Treasury shares acquired during the current fiscal year	1,027,400	6,784,949,600
Total number and amount of remaining resolution shares	102,600	1,715,050,400
Unexercised ratio at the end of the current fiscal year (%)	9.1	20.2
Treasury shares acquired during the period	—	—
Unexercised ratio at the filing date (%)	9.1	20.2

Note: The acquisition of treasury shares by this resolution ended on August 14, 2023.

(3) Acquisitions not based on a resolution of the General Meeting of Shareholders or the Board of Directors

Category	Number of shares (Shares)	Total amount (Yen)
Treasury shares acquired during the current fiscal year	2,933	17,246,562
Treasury shares acquired during the period	34	200,124

Note: Treasury shares acquired during the period does not include shares less than one unit purchased during the period from June 1, 2024, to the filing date of this Annual Securities Report.

(4) Disposals or holdings of acquired treasury shares

Category	During current fiscal year		During the period	
	Number of shares (Shares)	Total disposal amount (Yen)	Number of shares (Shares)	Total disposal amount (Yen)
Acquired treasury shares that were offered to subscribers for subscription	—	—	—	—
Acquired treasury shares retired	—	—	—	—
Acquired treasury shares that were transferred due to merger, share exchange, issue of shares, or corporate split	—	—	—	—
Other (Request for sale of shares less than one unit)	216	1,425,597	53	340,036
Number of treasury shares held	3,776,635	—	3,776,616	—

Notes: 1. Treasury shares disposed during the period does not include shares of less than one unit sold during the period from June 1, 2024, to the filing date of this Annual Securities Report.

2. The number of treasury shares held during the period does not include shares less than one unit purchased or sold from June 1, 2024, to the filing date of this Annual Securities Report.

3. “During current fiscal year” and “During the period” columns do not include 291,800 treasury shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

3. Dividend Policy

The Company believes that providing stable returns to shareholders is one of the most principal issues in corporate management. The Company's dividend policy is to distribute stable profits in accordance with business performance, while actively expanding its business and enhancing internal reserves.

In accordance with the above policy, the annual dividend for the current fiscal year was decided to be 50 yen per share: an interim dividend of 25 yen per share and a year-end dividend of 25 yen per share. For the Class A preferred shares, dividends were paid according to the prescribed calculations set out at the time of issue. In accordance with Article 459 of the Companies Act of Japan, the Company is entitled to distribute dividends of surplus by a resolution of the Board of Directors.

The Company will allocate its internal reserves effectively to the capital investments, mainly for opening of new restaurants and stores and refurbishment of existing restaurants and stores.

Dividends for common shares during the current fiscal year are as follows:

Resolution	Total amount of dividends (Million yen)	Dividends per share (yen)
The Board of Directors Meeting held on November 10, 2023	3,777	25
The Board of Directors Meeting held on May 14, 2024	3,923	25

- Notes: 1. "Total amount of dividends" of "The Board of Directors Meeting held on November 10, 2023" includes the dividends of 7 million yen for the common shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).
2. "The Board of Directors' Meeting held on May 14, 2024" includes the dividends of 7 million yen for the common shares held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

4. Corporate Governance, etc.

(1) Overview of corporate governance

(i) Basic views on corporate governance

1) Basic views on corporate governance

The Company's mission is "To provide safe, delicious food at affordable prices to people around the world." To achieve this goal, the Company looks at everything from the consumer's perspective, takes full responsibility for all aspects of safety and quality, plans and designs all processes related to production and delivery of food, and develops and operates a superior global MMD system (mass merchandising system). All the members who share this mission will establish and maintain an efficient and well-coordinated organization.

2) Status of design of internal control and the risk management system

i) Systems to ensure that the execution of duties by Directors and employees complies with laws, regulations, and the Articles of Incorporation

- a. The "Zensho Group Charter" shall be established to ensure that all officers and employees comply with laws, regulations, the Articles of Incorporation, and internal rules.
- b. Each Director and Executive Officer in charge of business operations shall analyze compliance risks in the business unit he/she is in charge of and implement countermeasures against such risks.
- c. The "Committee of Total Risk Management and Compliance" shall oversee the Group's compliance initiatives across the Group and report the results of its deliberations to the Board of Directors and the Audit & Supervisory Committee. The "Zensho Group Hotline" shall be established for employees to provide information on compliance issues of the Group.
- d. In order to grasp the status of business operations in business activities in general and to ensure the legality and soundness of such activities, audits by the internal audit division shall be conducted continuously.

ii) Regulations and other systems for managing the risk of loss

- a. The Company shall establish the "Group Risk Management Regulations," comprehensively and appropriately recognize various risks within the Group, select risks to be managed, appoint a division in charge of management, and develop and enhance the risk management system. In addition, fully recognizing that unexpected risks may occur, the Board of Directors or the Representative Director shall promptly select a division in charge of management and respond promptly and appropriately to any new significant risk.
- b. The "Committee of Total Risk Management and Compliance" shall be established to comprehensively manage various risks within the Group in accordance with the regulations, and its effectiveness shall be ensured by inspecting the implementation status of risk countermeasures by the division in charge of management.
- c. For risks related to "food safety and security," "compliance," and "information security," and other selected risks, the division in charge of management shall formulate corresponding countermeasures. In the event that risk materializes, the division in charge of management shall take prompt and appropriate action, report the results to the "Committee of Total Risk Management and Compliance," and report to the Board of Directors as appropriate for risks that may have a significant impact on management, and receive necessary instructions.

iii) System for storing and managing information related to the execution of duties by Directors

- a. The Company shall store and manage information related to the execution of duties by Directors appropriately in accordance with the "Board of Directors Regulations" and "Document Management Regulations."
- b. Directors shall confirm that the system for storage, management, and preservation of such information is properly maintained.

iv) System to ensure the efficient execution of duties by Directors

- a. The Company shall formulate a medium-term management plan and an annual management plan in order to clarify goals to be achieved by the Company, and shall thoroughly manage daily, monthly and quarterly operations to clarify

the progress of the goals so that prompt judgment and decision can be made.

- b. In addition to simplifying the decision-making process to speed up the decision-making, the Company shall make executive decisions on matters to be decided by the President that may have a significant impact on the management of the Company and the Group based on discussions with the Director in charge and Executive Officers, and report these decisions to the Board of Directors as appropriate.

v) System to ensure the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

- a. The “Zensho Group Charter” shall be the code of conduct for all officers and employees of the Company and its subsidiaries to act in compliance with laws and regulations and the Articles of Incorporation.
- b. The Company, as a holding company, shall develop a system to ensure the appropriateness of business operations from the perspective of the entire Group, and shall manage Group companies according to their conditions based on the “Group Company Management Regulations.” In addition, the Company’s group company administration division shall serve as the contact point and receive reports on the status of the system from subsidiaries on a regular or as-needed basis.
- c. The Company shall dispatch officers and employees to the subsidiaries, grasp the status of the subsidiaries’ business execution, and confirm the effectiveness of their business activities.
- d. The internal audit division shall audit the Group companies on a regular or as-needed basis and report the status of the audit to the Representative Director of the Company in a timely manner.

vi) Systems to ensure reliability of financial reporting

- a. Recognizing that ensuring the reliability of financial reporting is essential for maintaining and improving the credibility of the Group’s activities, the importance of internal control activities related to financial reporting shall be thoroughly understood throughout the Group.
- b. The “Assessment Plan for Internal Control over Financial Reporting” shall be prepared for each fiscal year, and the entire Group shall work together to improve internal control over financial reporting on a consolidated basis.
- c. With regard to the maintenance and operation status of internal control over financial reporting, the division in charge of internal control evaluation shall verify the appropriateness of business operations to ensure the reliability of financial reporting of the entire Group.

vii) Matters concerning Directors and employees who are to assist the Audit & Supervisory Committee in its duties (hereinafter the “Assistant Employees, etc.”) and matters concerning the independence of the Assistant Employees, etc., from other Directors and the securing of the effectiveness of instructions

- a. From the viewpoint of ensuring the effectiveness of audits by the Audit & Supervisory Committee, the Company shall appoint the necessary personnel as the Assistant Employees, etc., and enhance the system.
- b. From the viewpoint of ensuring independence, the Assistant Employees, etc., shall perform their duties under the direction of the Audit & Supervisory Committee.
- c. The prior consent of the Audit & Supervisory Committee is required for the transfer of, evaluation of, and disciplinary action against the Assistant Employees, etc.

viii) System for Directors (excluding Directors who are the Audit & Supervisory Committee Members) and employees to report to the Audit & Supervisory Committee and other systems related to reporting to the Audit & Supervisory Committee

- a. Directors (excluding Directors who are the Audit & Supervisory Committee Members) shall promptly report to the Audit & Supervisory Committee on matters that have a material impact on the Company and the Group, the status of internal audits, the status of reporting to the “Zensho Group Hotline,” etc.
- b. Any officer or employee of the Company or its subsidiaries who discovers any matter that may materially affect the Company or the Group may report directly to the Audit & Supervisory Committee, and such reports shall be managed in accordance with the “Group Internal Report Regulations.” The Company shall ensure that no person who makes such

report shall be subjected to any disadvantageous treatment because of such report.

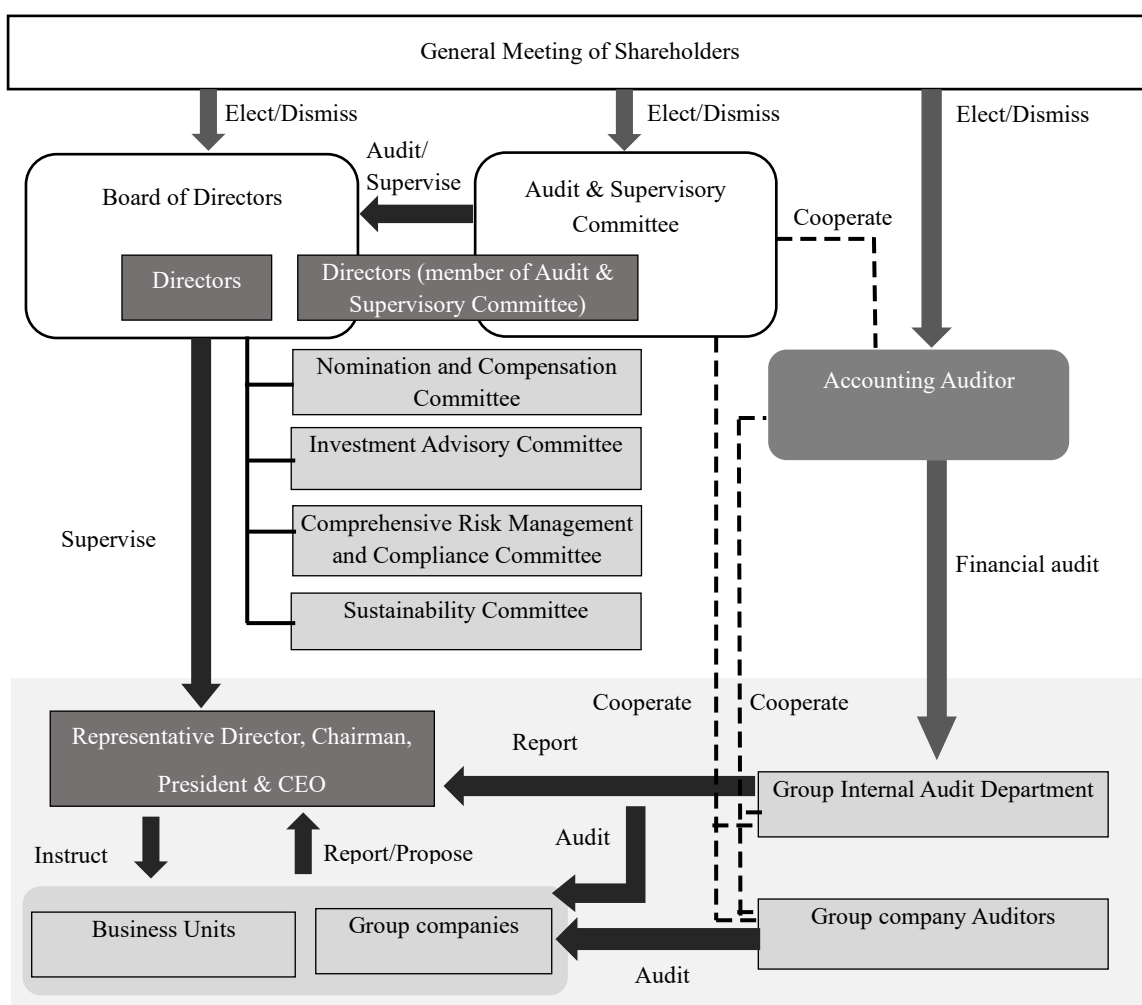
- c. The Audit & Supervisory Committee shall share information and improve efficiency through mutual disclosure of audit plans, audit results, etc., with the internal audit division.

ix) Other systems to ensure that audits by the Audit & Supervisory Committee are conducted effectively

- a. The Representative Director shall meet regularly with the Audit & Supervisory Committee to exchange opinions on issues to be addressed by the Company, the state of the environment for the audits of the Audit & Supervisory Committee, and important auditing issues.
- b. If the Audit & Supervisory Committee independently receives advice from professional attorneys, accountants, or other experts on the performance of its duties, the Audit & Supervisory Committee may charge the Company for expenses incurred thereby.
- c. The Audit & Supervisory Committee may, when it deems necessary, request reports from Directors (excluding Directors who are the Audit & Supervisory Committee Members) and employees, attend important meetings, and inspect documents.

(ii) Overview of current corporate governance system and reasons for adoption

The Company adopts a company with the Audit & Supervisory Committee system in order to enhance supervisory function of the Board of Directors and reinforce the corporate governance systems, as well as further accelerate decision-making and business execution. The structure is shown below.



(a) The Board of Directors

As of June 28, 2024, the Board of Directors consists of 13 persons, i.e., 9 Directors (excluding the Audit & Supervisory

Committee Members) and 4 Directors who are the Audit & Supervisory Committee Members, of which 8 are Outside Directors. Names of the members are listed in “(2) Directors, (i) List of Directors”. The chairman is Kentaro Ogawa, Representative Director, Chairman, President & CEO of the Company. The Board of Directors, in principle, meets once a month and deliberates and makes decisions on issues stipulated by law and in the Company’s Articles of Incorporation and the Board of Directors Rules, as well as monitors and supervises status of the execution of business by Directors.

(b) Audit & Supervisory Committee

As of June 28, 2024, the Company’s Audit & Supervisory Committee consists of 4 members of Outside Directors. Names of the members are listed in “(2) Directors, (i) List of Directors”. The chairman is Hideo Watanabe, who is an Outside Director (full-time Audit & Supervisory Committee Member) of the Company.

As an independent committee from the Board of Directors, the Audit & Supervisory Committee conducts audits on matters including the performance of duties by each Director and on status of establishment and operation of internal control systems from the viewpoint of legal compliance and appropriateness. The Audit & Supervisory Committee monitors decision-making process of the Board of Directors and the performance of duties by each Director by attending the Board of Directors meetings and other important meetings and by inspecting important documents such as approval documents.

(c) Accounting Auditor

The Company enters into an auditing agreement with PricewaterhouseCoopers Japan LLC as Accounting Auditor who conducts the accounting audits. Certified public accountants who conducted the audits are Mr. Shigeru Takahama and Mr. Kentaro Shimizu who belong to PricewaterhouseCoopers Japan LLC. The auditing team includes 4 certified public accountants and 21 others.

(d) Nomination and Compensation Committee

The Company established the Nomination and Compensation Committee as an advisory body to the Board of Directors to promote transparency and objectivity in decision-making process of nomination of candidates for Directors and Audit & Supervisory Committee members, and of compensation setting. As of June 28, 2024, the Nomination and Compensation Committee consists of 3 persons, Shinya Nonoshita, Managing Executive Director (Chairman), Takaharu Ando, Outside Director, and Yukio Miyajima, Outside Director and Audit & Supervisory Committee Member.

(e) Investment Advisory Committee

The Company established the Investment Advisory Committee as an advisory body to the Board of Directors to deliberate on investment issues related to M&A, investment, establishment of company, etc. As of June 28, 2024, the Investment Advisory Committee consists of 8 persons including Kiyohiko Niwa, Executive Officer, Senior General Manager of Group Finance and Accounting Division (Chairman), Yohei Ogawa, Managing Executive Director, Kazumasa Ogawa, Director and others.

(f) Comprehensive Risk Management and Compliance Committee

The Company established the Comprehensive Risk Management and Compliance Committee as an advisory body to the Board of Directors to manage risks and compliance initiatives of the Company and the Group on a cross-company basis. The Comprehensive Risk Management and Compliance Committee, in principle, meets every two months to review and monitor the status of risk management and compliance initiatives of the Company and the Group and to provide guidance for improvement. The status is regularly reported to the Board of Directors and the Audit & Supervisory Committee. As of June 28, 2024, Comprehensive Risk Management and Compliance Committee consists of 6 persons including Shinya Nonoshita, Managing Executive Director (Chairman), Makoto Hirano, Director, and Executive Officer in charge of related departments, etc.

(g) Sustainability Committee

The Company has established the Sustainability Committee as an advisory body to the Board of Directors to promote

sustainability management based on the "Zensho Group's Approach to Sustainability." Sustainability Committee consists of 9 persons including Yohei Ogawa, Managing Executive Director (Chairman), Makoto Hirano, Director and Executive Officer in charge of related departments, etc.

(iii) Other matters related to corporate governance

1) Outline of contents of limited liability agreement

The Company has entered into an agreement with Outside Directors (excluding full-time Directors) pursuant to Article 427, Paragraph 1 of the Companies Act of Japan to limit their liability for damages under Article 423, Paragraph 1 of said Act.

The maximum amount of liability for damages under this contract is the higher of either 10 million yen or the amount stipulated by law for outside directors (excluding those who are members of the Audit Committee) and 5 million yen or the amount stipulated by law for outside directors who are members of the Audit Committee.

2) Outline of contents of D&O (Directors and Officers) insurance

The Company has entered into a directors and officers liability insurance agreement with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act of Japan, insuring Directors, Auditors and Executive Officers of the Company and subsidiaries ("Officers, etc.").

The insurance agreements provide coverage for losses incurred by the insured Officers, etc. who are responsible for the performance of their duties or who are subject to a claim for such responsibility. However, there are certain exemptions such as not covering damages caused by acts committed with the knowledge that the acts are in violation of laws and regulations. The Company pays all insurance premiums.

3) Number of Directors

The Company has stipulated in its Articles of Incorporation that there shall be no more than 15 Directors (excluding the Audit & Supervisory Committee Members) and no more than 5 Audit & Supervisory Committee Members.

4) Requirement for a resolution to elect Directors

In the Company's Articles of Incorporation, the election of directors is resolved by a majority voting right of shareholders at the General Meeting of Shareholders where attending shareholders hold at least one-third of the exercisable voting rights, also the resolution shall not be via a cumulative vote.

5) The General Meeting of Shareholders resolutions that can be delegated to the Board of Directors

(a) Acquisition of treasury shares

To enable a flexible execution of management measures such as fiscal policy in response to changing economic conditions, the Company stipulates that it may acquire treasury shares by a resolution of the Board of Directors in its Articles of Incorporation, in accordance with Article 165, Paragraph 2 or Article 459, Paragraph 1 of the Companies Act of Japan.

(b) Interim dividends

To pursue a flexible capital and dividend policy, the Company stipulates that it may distribute dividends of surplus by a resolution of the Board of Directors in its Articles of Incorporation, in accordance with the provisions of Article 459, Paragraph 1 of the Companies Act of Japan.

In addition, the Company stipulates that it may distribute dividends of surplus with stipulating a year-end record date for March 31 of each year, an interim record date for September 30 of each year and other record dates for the appropriate dates in its Articles of Incorporation.

(c) Indemnification of Directors

To develop an environment where Directors can fully show their abilities and accomplish their expected roles at the

execution of their duties, the Company stipulates that it may exempt Directors (including former Directors) from their liabilities for damage within the limits of law in its Articles of Incorporation, in accordance with the provisions of Article 426, Paragraph 1 of the Companies Act of Japan.

6) Requirement for a special resolution at the general meeting of shareholders

To ensure smooth running of the General Meeting of Shareholders, the Company stipulates that a special resolution provided for in Article 309, Paragraph 2 of the Companies Act of Japan shall be adopted by at least two-third of voting right of shareholders at the General Meeting of Shareholders where attending shareholders hold at least one-third of exercisable voting rights in its Articles of Incorporation.

7) Restricted voting share

To diversify options for flexible and dynamic financing and to enable the implementation of an appropriate capital policy, the Company issues Class A preferred shares without voting rights, which differ from ordinary shares in terms of the content stipulated in Article 108, Paragraph 1, Item 3 of the Companies Act of Japan (voting rights restrictions).

(iv) Activities of the Board of Directors

The Company held 14 meetings of the Board of Directors during the current fiscal year and the attendance of individual directors is as follows.

Position	Name	Attendance during the current fiscal year	
		Number of held	Number of Attendances
Representative Director	Kentaro Ogawa	14	12 (86%)
Director	Yohei Ogawa	14	13 (93%)
Director	Shinya Nonoshita	14	14 (100%)
Director	Makoto Hirano	14	14 (100%)
Director	Kazumasa Ogawa	14	14 (100%)
Director	Koichi Takei	4	4 (100%)
Outside Director	Chiaki Ito	14	14 (100%)
Outside Director	Takaharu Ando	14	12 (86%)
Outside Director	Shoei Yamana	10	10 (100%)
Outside Director	Reiko Nagatsuma	10	9 (90%)
Outside Director	Toshitaka Hagiwara	4	4 (100%)
Outside Director	Yoshiko Hayama	4	3 (75%)
Outside Director Full-time Audit & Supervisory Committee Member	Hideo Watanabe	14	14 (100%)
Director Full-time Audit & Supervisory Committee Member	Takashi Manaki	4	4 (100%)
Outside Director Audit & Supervisory Committee Member	Yukio Miyajima	14	14 (100%)
Outside Director Audit & Supervisory Committee Member	Kenichi Kaneko	10	10 (100%)
Outside Director Audit & Supervisory Committee Member	Hisashi Maruyama	10	10 (100%)
Outside Director Audit & Supervisory Committee Member	Koji Takeuchi	4	4 (100%)

In addition to the number of held of Board of Directors meeting mentioned above, there was 1 written resolution that was deemed to have been passed by the Board of Directors in accordance with Article 370 of the Companies Act in Japan and Article 25 of the Company's Articles of Incorporation.

The Company's Board of Directors during the current fiscal year consisted of 10 directors, then 9 directors at the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2023 (excluding the Audit & Supervisory Committee Members), and 4 independent outside directors who are the Audit & Supervisory Committee Members, then 3 independent outside directors at the conclusion of the same Ordinary General Meeting of Shareholders, for a total of 14 directors (13 directors in total at the conclusion of the same Ordinary General Meeting of Shareholders), The ratio of outside directors is 50% (62% at the conclusion of the same Ordinary General Meeting of Shareholders).

Each of the 8 independent outside directors has a wealth of experience and broad knowledge, as well as excellent character

and insight, which enables them to contribute to strengthening the supervisory function of the executive directors and to provide advice from a broad managerial perspective.

In principle, the Board of Directors holds a regular meeting once a month and extraordinary meetings as necessary to make decisions on basic matters concerning group management, matters stipulated by laws and regulations, and other important management matters, as well as to supervise the execution of duties by directors by receiving regular reports on the status of execution of duties from executive directors.

Specific consideration by the Board of Directors includes the formulation of a medium-term management plan and funding plans, preference share issuance, share issuance through public offering, financing through subordinated loans and acquisition of shares in domestic and overseas operating companies.

(v) Activities of the Nomination and Compensation Committee

During the current fiscal year, the Company held meetings of the Nomination and Compensation Committee as necessary from time to time.

Attendance at the meetings of the Nomination and Compensation Committee was as follows.

Position	Name	Attendance during the current fiscal year	
		Number of held	Number of Attendances
Chairman	Shinya Nonoshita	3	3 (100%)
Member	Takaharu Ando	3	3 (100%)
Member	Yukio Miyajima	3	3 (100%)

The Nomination and Compensation Committee deliberates and reports to the Board of Directors on specific matters, including the selection of candidates for directors and directors with management positions, the basic policy for director compensation, and the introduction of performance-linked stock compensation system for directors and others.

(2) Directors

(i) List of Directors

12 men and 1 woman (Ratio of female officers: 7.7%)

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Representative Director, Chairman, President & CEO	Kentaro Ogawa	Jul. 29, 1948	Jun. 1982	Established the Company	Note 2	3,170 Thousand shares
			Dec. 1988	Representative Director and President		
				Representative Director of Nihon Create		
			Sep. 2000	Co., Ltd., (current)		
				Director and Chairman of Coco's Japan		
				Co., Ltd.		
			Jun. 2007	Director and Chairman of Sunday Sun		
				Co., Ltd. (currently Jolly Pasta Co., Ltd.)		
			Jun. 2009	Representative Director, Chairman,		
				President & CEO (current)		
			Oct. 2011	Representative director and president of		
				Zensho Co., Ltd. (currently Sukiya Co.,		
				Ltd.)		
			Dec. 2012	Director and Chairman of Maruya Co.,		
				Ltd. (currently JOY MART CO., LTD.)		
			Dec. 2013	Representative director and president of		
				Nihon Retail Holdings, Co., Ltd.		
			Apr. 2014	Representative Director and Chairman of		
				Zensho Co., Ltd. (currently Sukiya Co.,		
				Ltd.)		
			Nov. 2014	Director and Chairman of Sukiya Honbu		
				Co., Ltd. (currently Sukiya Co., Ltd.)		
			Jan. 2017	Chairman of Kokumin Seikatsu Sangyo		
				Shohisha Dantai Rengo (current)		
			May. 2019	Representative Director and President of		
				Nihon Restaurant Holdings Co., Ltd		
				(currently Zensho Global Restaurant		
				Holdings Co., Ltd.)		
			Jun. 2021	Representative Director and President of		
				Global MD Holdings Co., Ltd.		
			Oct. 2022	Representative Director and President of		
				Nihon Retail Holdings, Co., Ltd.		
			Apr. 2023	Director and Chairman of Lotteria Co.,		
				Ltd. (current)		

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Managing Executive Director, Senior General Manager of Business Management Strategy Div., General Manager of Group Design Dept. and International Affairs Office	Yohei Ogawa	Aug. 30, 1979	Apr. 2004	Joined Ministry of Finance	Note 2	3,160 Thousand shares
			Jun. 2016	Joined the Company General Manager of Business Management Strategy Office, Executive Officer and Senior General Manager of Group Business Management Strategy Div.		
			Nov. 2016	Executive Officer, Senior General Manager of Group Business Management Strategy Div. and officer in charge of Fair Trade Div. Director of Nihon Create Co., Ltd. (current)		
			Jun. 2017	Director, Senior General Manager of Group Business Management Strategy Div. and officer in charge of Fair Trade Div.		
			Sep. 2017	Director, Senior General Manager of Group Business Management Strategy Div., and officer in charge of Chairman Office and Fair Trade Div.		
			Nov. 2018	Director, Senior General Manager of Group Business Management Strategy Div., and officer in charge of Chairman Office and Fair Trade Div. Director and Chairman of Advanced Fresh Concepts Corp. (current)		
			May. 2019	Director, Senior General Manager of Group Business Management Strategy Div. and officer in charge of Fair Trade Div.		
			Apr. 2020	Director		
			Sep. 2020	Director, officer in charge of Global Business and Senior General Manager of Global Sushi Business Div.		
			Oct. 2020	Director and Senior General Manager of Business Management Strategy Division		
			Apr. 2021	Director, Senior General Manager of Global Operations Div. and Business Management Strategy Div., and General Manager of Group Design Dept.		
			Jun. 2021	Managing Executive Director, Senior General Manager of Global Operations Div. and Business Management Strategy Div., and General Manager of Group Design Dept.		
			Jun. 2023	Representative Director of Zensho China Holdings Co., Ltd. (current)		
			Oct. 2023	Managing Executive Director, Senior General Manager of Business Management Strategy Div., and General Manager of Group Design Dept.		
			Apr. 2024	Managing Executive Director, Senior General Manager of Business Management Strategy Div., General Manager of Group Design Dept. and International Affairs Office (current)		

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Managing Executive Director and Senior General Manager of Group IT Div.	Shinya Nonoshita	May 2, 1954	Apr. 1979 Jan. 2005 Apr. 2007 Nov. 2018 Jun. 2019 Jun. 2021 Jun. 2022	Joined IBM Japan, Ltd. Manager of eServer iSeries Joined the Company Executive Officer and Senior General Manager of Group IT Div. Executive Officer and Senior General Manager of Group IT & Engineering Div. Director and Senior General Manager of Group IT & Engineering Div. Director and Senior General Manager of Group IT Div. Managing Executive Director and Senior General Manager of Group IT Div. (current)	Note2	17 Thousand shares
Director and Senior General Manager, Group Food Safety Standards Div.	Makoto Hirano	Dec. 2, 1958	Apr. 1982 Apr. 2001 Apr. 2004 Jun. 2004 Nov. 2005 May. 2006 Oct. 2006 Oct. 2010 Sep. 2012 Jul. 2013 Apr. 2014 Jul. 2015 Nov. 2016 Apr. 2018 Feb. 2019 Oct. 2023	Joined Nestlé Japan Ltd. Representative Director and President of Nestlé Purina PetCare Ltd. Joined the Company Director Director and General Manager of Food Safety Pursuing Dept. Auditor of Coco's Japan Co., Ltd. Director and officer in charge of Food Safety Pursuing Div. Director and Senior General Manager of Group CC Dept. Director and Senior General Manager of Group CC Dept. and Food Safety Pursuing Div., and officer in charge of Fair Trade Dept. Director and Senior General Manager of Food Safety Pursuing Div. and officer in charge of Fair Trade Dept. Representative Director and President of GFF Co., Ltd. Director, officer in charge of Group Food Safety Pursuing Div. and Fair Trade Dept. Director and officer in charge of Fair Trade Dept. Director Director Representative Director and President of Zensho Factory Holdings Co., Ltd. Director and Senior General Manager of Group Food Safety Assurance Div. Director and Senior General Manager of Group Food Standards Assurance Div. (current)	Note 2	18 Thousand shares

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Director and President of Zensho Japanese Culture Center	Kazumasa Ogawa	Apr. 17, 1977	Apr. 2001	Joined Nissho Electronics Corporation	Note 2	3,160 Thousand shares
			Jun. 2003	Director of Nihon Create Co., Ltd. (current)		
			May.2006	Joined the Company Manager of Subsidiary Administration Office		
			Jun. 2007	Manager of Overseas Business Dept.		
			Jun. 2008	General Manager of the Group Corporate Planning Dept. (in charge of overseas business)		
			Jun. 2009	Director		
			Nov.2011	Director of Zensho Co., Ltd. (currently Sukiya Co., Ltd.)		
			Jan. 2013	Director and Senior General Manager of Global Operations Div.		
			Feb. 2014	Director, Senior General Manager of Global Operations Div., and officer in charge of Group MD Dept.		
			Jun. 2014	Managing Executive Director, Senior General Manager of Global Operations Div., and officer in charge of Group MD Dept.		
			Jan. 2015	Managing Executive Director, Senior General Manager of Global Operations Div., and Group BB Dept.		
			Mar. 2016	Managing Executive Director, Senior General Manager of Global Operations Div.		
			Jul. 2018	Managing Executive Director and Senior General Manager of Group Merchandising Div.		
				Representative Director and President of Nihon Dining Holdings, Co., Ltd.		
			May.2019	Managing Executive Director Representative Director and President of Sukiya Honbu Co., Ltd. (currently Sukiya Co., Ltd.)		
			Oct. 2019	Managing Executive Director and CDO (Chief Design Officer)		
			Dec. 2019	Managing Executive Director, CDO, and officer in charge of Global HR		
			Mar. 2020	Managing Executive Director, CDO, and officer in charge of Global HR and Group CC Dept.		
			Apr. 2020	Managing Executive Director, CDO, and officer in charge of Global HR, Group CC Dept., and Global Sushi Business Dept.		
			Jun. 2020	Deputy President, CDO, and officer in charge of Global HR, Group CC Dept., Global Sushi Business Dept., and Group Design Dept.		
			Apr. 2021	Deputy President Representative Director and President of Nihon Retail Holdings, Co., Ltd. Representative Director and President of Nihon SS Co., Ltd. Representative Director and President of JOY MART CO., LTD.		
			Oct. 2022	Deputy President, and Representative of Zensho Japanese Culture Center		
			Jun. 2023	Director and President of Zensho Japanese Culture Center (current)		

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Director	Chiaki Ito	Oct. 10, 1947	Apr. 1970 Apr. 2001 Jun. 2002 Apr. 2003 Jun. 2004 Jun. 2006 Jun. 2008 Apr. 2010 Jun. 2013 Jun. 2015	Joined Fujitsu Limited (hereinafter, "Fujitsu") General Manager of Personal Business Div. of Fujitsu Corporate Officer and General Manager of Personal Business Div. of Fujitsu Managing Executive Corporate Officer and General Manager of Platform Business Planning Dept. of Fujitsu Senior Managing Director in charge of Product Dept. of Fujitsu Representative Director and Deputy President of Fujitsu Director and Deputy Chairman of Fujitsu Representative Director and Chairman of Fujitsu Research Institute Outside Director of Hitachi Zosen Corporation Director of the Company (current) Outside Director of OBIC BUSINESS CONSULTANTS CO., LTD. (current)	Note 2	—
Director	Takaharu Ando	Aug. 31, 1949	Apr. 1972 Aug. 1999 Aug. 2004 Jun. 2009 Oct. 2011 May. 2013 Jun. 2016 Jun. 2017 Jun. 2018 May. 2020 Jun. 2022 Mar. 2023	Joined National Police Agency General Manager, Public Security Bureau of Tokyo Metropolitan Police Department Commissioner of General's Secretariat of National Police Agency Commissioner General of National Police Agency Retired from National Police Agency Outside Director of Nitori Holdings Co., Ltd. Director (External) of AMUSE INC. (current) Director of the Company (current) Outside Director of TOBU RAILWAY CO., LTD. (current) Outside Director of Nitori Holdings Co., Ltd. (Audit & Supervisory Committee Member) Outside Director of NISSHIN SEIFUN GROUP INC. (Audit & Supervisory Committee Member) (current) Outside Director of Rakuten Group, Inc. (current)	Note 2	—

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Director	Shoei Yamana	Nov. 18, 1954	Apr. 1977 Jul. 2002 Aug. 2003 Jun. 2006 Apr. 2013 Apr. 2014 Apr. 2022 Jun. 2022 Jun. 2023	Joined Minolta Camera Co., Ltd. (currently Konica Minolta, Inc.) Executive Officer and General Manager of Management Planning Department, Planning Division of Minolta Co., Ltd. (currently Konica Minolta, Inc.) Senior Executive Officer of Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.) Director and Senior Executive Officer of Konica Minolta Holdings, Inc. Director and Senior Managing Executive Officer of Konica Minolta, Inc. Director, President and CEO, and Representative Executive Officer of Konica Minolta, Inc. Director, Executive Chairman and Executive Officer of Konica Minolta, Inc. Outside Director of TDK Corporation (current) Director of the Company (current) Senior Advisor of Konica Minolta, Inc. (current)	Note 2	—
Director	Reiko Nagatsuma	Oct. 16, 1974	Apr. 1998 Apr. 2001 Jul. 2003 Apr. 2009 Mar. 2018 Nov. 2021 Mar. 2023 Apr. 2023 Jun. 2023	Joined Kokusai Denshin Denwa Co., Ltd. (currently KDDI Corporation) Joined Tokyo FM Broadcasting Co., Ltd. Joined Microsoft Japan Company, Limited Joined Amazon Japan G.K. Director of Seller Service Business Division of Amazon Japan G.K. Managing Director of Twitter Japan External Director of MEDLEY, INC. (current) Executive Officer of SmartNews, Inc. (current) Director of the Company (current)	Note 2	—

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Director Full-time Audit & Supervisory Committee Member	Hideo Watanabe	Sep. 30, 1949	Apr. 1974 May. 1993 Apr. 1999 Jun. 2000 May. 2004 Apr. 2007 Oct. 2008 Jun. 2012 Jun. 2019	Joined Daiwa Securities Co., Ltd. (currently Daiwa Securities Group Inc.) Managing Director of Corporate Dept. Number 3 of Daiwa Securities Co., Ltd. Managing Director of Corporate Planning Dept. of Daiwa Securities SB Capital Markets Co., Ltd. (currently Daiwa Securities, Co., Ltd., hereinafter, “DSSBCM”) Executive Officer of Daiwa Securities SB Capital Markets Co., Ltd. Managing Executive Officer of Daiwa Securities SB Capital Markets Co. Ltd. and Representative Director and CEO of Daiwa Securities SMBC Principal Investments Co. Ltd. Senior Managing Director of Daiwa Securities SB Capital Markets Co. Ltd. and Representative Director and President of Daiwa Securities SMBC Principal Investments Co. Ltd. Representative Director and Deputy President of Daiwa Institute of Research Holdings Ltd., Representative Director and Deputy President of Daiwa Institute of Research Ltd., and Representative Director and Deputy President of Daiwa Institute of Research Business Innovation Ltd. Full-time Auditor of the Company Director (Full-time Audit & Supervisory Committee Member) (current)	Note 3	—
Director Audit & Supervisory Committee Member	Yukio Miyajima	Apr. 20, 1953	Apr. 1978 Apr. 2004 Apr. 2005 Jul. 2013 Jul. 2014 Jun. 2015 Jun. 2016 Dec. 2017 Jun. 2019	Joined Nichimen Co., Ltd. (currently Sojitz Corporation) Managing Executive Officer of Nichimen Co., Ltd. Representative Director and President of Sojitz Insurance Agency Corporation Auditor of Taichi Holdings Limited Director and General Manager of Administration Dept. of Taichi Holdings Limited Advisor of Taichi Holdings Limited Auditor of the Company Outside Director of Sanyo Trading Co., Ltd. Director (Audit & Supervisory Committee Member) (current)	Note 3	—
Director Audit & Supervisory Committee Member	Kenichi Kaneko	Sep. 7, 1957	Apr. 1981 Apr. 2010 Apr. 2012 Nov. 2012 Jun. 2014 Jun. 2017 Jun. 2023	Joined The Dai-Ichi Kangyo Bank, Limited (currently Mizuho Bank, Ltd.) Executive Officer of Mizuho Bank, Ltd. Advisor of NIPPON TOCHI- TATEMONO CO., LTD. Managing Executive Officer of Japan Land Building Co., Ltd. Corporate Auditor of TOKYO AD AGENCY CO., LTD. President of TOKYO AD AGENCY CO., LTD. Director of the Company (current)	Note 3	—

Title & Position	Name	Date of birth	Career summary		Tenure	Share ownership
Director Audit & Supervisory Committee Member	Hisashi Maruyama	Mar. 8, 1961	Apr. 1983	Joined Hitachi Chemical Company, Ltd. (currently Resonac Corporation)	Note 3	—
			Apr. 2016	Representative Executive Officer and President of Hitachi Chemical Co., Ltd. (currently Resonac Corporation)		
			Jun. 2020	Representative Director, President and CEO of Hitachi Chemical Co., Ltd. (currently Resonac Corporation)		
			Mar. 2021	Director of Showa Denko K.K. (currently Resonac Holdings Corporation)		
				Representative Director, President and CEO of Showa Denko Materials Co., Ltd. (currently Resonac Corporation)		
			Jan. 2022	Director of Showa Denko K.K. (currently Resonac Holdings Corporation)		
				Representative Director and Chairman of Showa Denko Materials Co., Ltd. (currently Resonac Corporation)		
			Jan. 2023	Director of Resonac Holdings Corporation		
			Jun. 2023	Director of the Company (current)		
Total						9,528

Notes: 1 Directors Chiaki Ito, Takaharu Ando, Shoei Yamana, Reiko Nagatsuma, Hideo Watanabe, Yukio Miyajima, Kenichi Kaneko and Hisashi Maruyama are Outside Directors.

- 2 The tenure shall be one year beginning the conclusion of the Ordinary General Meeting of Shareholders held on June 27, 2024.
- 3 The tenure shall be two years beginning the conclusion of the Ordinary General Meeting of Shareholders held on June 23, 2023.
- 4 Yohei Ogawa, Managing Executive Director and Kazumasa Ogawa, Director are the sons of Kentaro Ogawa, Representative Director, Chairman, President & CEO.

(ii) Outside Directors

The Company has 8 outside directors.

Outside Directors Chiaki Ito and Shoei Yamana have rich experience and broad insights gained through their experience in corporate management. They have been elected as outside directors due to the Company's expectations that they can contribute to the Company in reinforcing its management system by giving advice on all aspects of the management.

Outside Director Takaharu Ando has rich experience and broad insights through his holding important posts including Commissioner General of the National Police Agency. Despite his no direct involvement in corporate management except as an outside director, he has been elected as an outside director in the hope that he would provide appropriate supervision and advice to the Company's management from all aspects.

Outside Directors Reiko Nagatsuma has a high level of insight in the IT / DX field, and rich experience and broad insights gained through her career in corporate management. She has been elected as an outside director in the hope that she would provide appropriate supervision and advice to the Company's management from all aspects.

Hideo Watanabe has been elected as an outside director who is a member of the Audit & Supervisory Committee because he has accumulated significant experience and extensive knowledge through his career in management of corporations.

Yukio Miyajima has been elected as an outside director who is a member of the Audit & Supervisory Committee because he has many years of experience as a management executive and possesses broad knowledge through experience working in various fields including business control.

Kenichi Kaneko has been elected as an outside director who is a member of the Audit & Supervisory Committee because he has many years of experience in financial institutions and a high level of insight as a management executive.

Hisashi Maruyama has been elected as an outside director who is a member of the Audit & Supervisory Committee because

he has rich experience as a management executive and broad knowledge through experience working in various fields.

The Company has registered 8 outside directors as independent Outside Directors in the Tokyo Stock Exchange.

The Company established “Criteria on the independence of Outside Directors (*)” in “Basic Policy of Corporate Governance,” and elects Outside Directors from those who have rich knowledge and experiences in a wide range of areas in order to enable supervision from an objective and neutral standpoint and to secure the soundness of management. To suit the purpose of the election, placing emphasis on independency, the Company does not elect any outside directors who cannot secure their independence practically.

There is no conflict of interest between the Company and any of the above outside directors. The status of the shares held by each outside director is stated in “the Board of Directors and the Audit & Supervisory Committee Members.”

In cases where an outside director is a director or an employee of other companies, etc., there is no conflict of interest between the Company and the relevant companies, etc., including personal relationship, capital relationship, and business relationship.

- *a. Independent Outside Directors shall meet the criteria for determining independence stipulated by Tokyo Stock Exchange.
- b. Independent Outside Directors shall be honest in character, highly insightful, and shall have a wide range of knowledge and experience, as well as an established record of accomplishment in specific fields, so that the Board of Directors could incorporate diverse perspectives.
- c. Independent Outside Directors shall fully understand the Group’s corporate philosophy.

- (iii) Coordination between Outside Directors’ supervision or audit and internal audit, the Audit & Supervisory Committee’s audit, the Accounting auditors’ audit, and relationship with internal control departments

Outside Directors who are not the Audit & Supervisory Committee Members make important decisions at the Board of Directors as well as supervise Directors’ performance of their duties, and exchange information and opinions regularly with the Audit & Supervisory Committee.

The Audit & Supervisory Committee monitors the independence and appropriateness of the Accounting Auditor’s audits. Receiving audit and quarterly review plans as well as the results of those audits, the Audit & Supervisory Committee works closely with the Accounting Auditors by exchanging opinions and information, etc. To improve effectiveness and efficiency of audits, the Internal Audit Department and the Internal Control Department work in close cooperation, in such ways as exchanging information and opinions regularly and when necessary. The Internal Audit Department enhances the mutual collaboration by sharing information on development and evaluation of internal control over financial reporting and on the result of internal audits as appropriate.

(3) Audit

(i) Status of audits by the Audit & Supervisory Committee

- (a) The Audit & Supervisory Committee of the Company consists of 4 Audit Committee Members and audits the execution of duties by Directors in cooperation with the Internal Audit Department and Auditor of each group company in accordance with the audit plan established by the Audit & Supervisory Committee, which stipulates audit policies, priority audit items, assignment of duties and other relevant matters.

Audit & Supervisory Committee Members attend the Board of Directors meetings and other important meetings to audit the appropriateness of management decision-making processes and results, and 1 full-time Audit & Supervisory Committee members are appointed to collect and share information widely. To ensure the effectiveness of audit and supervisory functions, the Audit & Supervisory Committee works closely with the Internal Audit Department.

The status of each Audit & Supervisory Committee member is as follows.

Position	Name	Career, etc.
Full-time Audit & Supervisory Committee Member (Outside Director)	Hideo Watanabe	He has extensive experience and high-level insight as a director, mainly at financial institutions, and has specialized knowledge and experience in HR, labor, finance and accounting.
Audit & Supervisory Committee Member (Outside Director)	Yukio Miyajima	He has a wide range of knowledge and expertise in finance and accounting through his many years of extensive experience as a director and diverse business experience, including business administration.
Audit & Supervisory Committee Member (Outside Director)	Kenichi Kaneko	He has extensive experience and high-level insight as a director at financial institutions, and has specialized knowledge and experience in HR, labor and finance.
Audit & Supervisory Committee Member (Outside Director)	Hisashi Maruyama	He has a wide range of knowledge and expertise in legal, compliance, risk management, finance and accounting through extensive experience as a director and diverse business experience.

To support the execution of duties of the Audit & Supervisory Committee, the Company established the Audit & Supervisory Committee Department, and one full-time and experienced staff has been assigned. Personnel transfer and personnel evaluation in this department shall be conducted with the consent of the Audit & Supervisory Committee to secure effectiveness of the instructions of the Audit & Supervisory Committee.

(b) Operation of the Audit & Supervisory Committee

During the current fiscal year, the Company held 18 meetings of the Audit & Supervisory Committee, with the average time required per meeting being approximately 1 hour and 16 minutes.

Attendance of each Audit & Supervisory Committee member at the Audit & Supervisory Committee meetings and the Board of Directors meetings is as follows.

Position	Name	Attendance during the current fiscal year	
		The Audit & Supervisory Committee	The Board of Directors meetings (Note3)
Outside Full-time Audit & Supervisory Committee Member	Hideo Watanabe	18/18 (100%)	14/14 (100%)
Outside Audit & Supervisory Committee Member	Yukio Miyajima	18/18 (100%)	14/14 (100%)
Outside Audit & Supervisory Committee Member (Note1)	Kenichi Kaneko	13/13 (100%)	10/10 (100%)
Outside Audit & Supervisory Committee Member (Note1)	Hisashi Maruyama	13/13 (100%)	10/10 (100%)
Full-time Audit & Supervisory Committee Member (Note2)	Takashi Manaki	5/5 (100%)	4/4 (100%)
Outside Audit & Supervisory Committee Member (Note2)	Koji Takeuchi	5/5 (100%)	4/4 (100%)

Note1.Kaneko Kenichi and Hisashi Maruyama, Outside Audit & Supervisory Committee Member, were appointed at the general meeting of shareholders held on June 23, 2023, so only the number of audit committee meetings and board meetings held after that date is shown.

2.Full-time Audit & Supervisory Committee Member Takashi Manaki and Outside Audit & Supervisory Committee Member Koji Takeuchi resigned at the general meeting of shareholders held on June 23, 2023, due to expiry of their

terms of office.

3. In addition to the number of the Board of Directors meetings mentioned above, there was 1 written resolution that was deemed to have been passed by the Board of Directors in accordance with Article 370 of the Companies Act in Japan and Article 25 of the Company's Articles of Incorporation.

(ii) Activities of the Audit & Supervisory Committee and the Audit & Supervisory Committee Members

(a) Priority audit items

The Audit & Supervisory Committee for the current fiscal year has established an audit plan based on the basic audit policy of contributing to the establishment of a high-quality corporate governance system that will earn the trust of society, with the aim of achieving sound and sustainable growth and improving corporate value over the medium to long term in the Company and its group companies. In the current fiscal year, the Audit & Supervisory Committee mainly worked on the following key audit items: (a) evaluation of status and effectiveness of development and operation of the internal control system, (b) monitoring and verification of matters related to the pursuit of food safety in the corporate group, and (c) monitoring and verification of matters related to the improvement and development of the working environment in the corporate group.

(b) Activities of the Audit & Supervisory Committee

The Audit & Supervisory Committee made the following resolutions, deliberations, discussions, and reports during the year.

Agenda	Number of items	Matters for consideration
Resolutions	12	<ul style="list-style-type: none"> Deciding whether or not to express an opinion at the General Meeting of Shareholders regarding the election of directors and compensation proposals Deciding on the Audit & Supervisory Committee's audit report regarding the audit under the Companies Act of Japan Reappointing the Accounting Auditor Appointing Audit & Supervisory Committee Chairman, full-time Audit & Supervisory Committee members and the selected Audit & Supervisory Committee members Approving compensation for Audit & Supervisory Committee members, audit policies and plans, and audit expense budgets Agreeing on the Accounting Auditor compensation Revising the rules of the Audit & Supervisory Committee Agreeing to issue preference shares
Discussions	2	<ul style="list-style-type: none"> Confirmation of the contents of the agenda for the General Meeting of Shareholders and other items to be reported, etc.
Reports	22	<ul style="list-style-type: none"> Summary of discussions with the Accounting Auditor <ul style="list-style-type: none"> - governance, legal compliance, audit policy, etc. Agenda for discussion with the Representative Director Audit reports from the Accounting Auditor (quarterly and year-end) Summary of discussions with Directors (inside and outside) Annual activities related to the audit of the Audit & Supervisory Committee Audits Overview of the audit of competitive transactions, conflict of interest transactions, etc. Summary of meetings for exchange of opinions with the Internal Audit Department and other relevant departments Summary of exchange of opinions with the Accounting Auditor on issues (Pre-approval procedures for non-audit services, KAM, etc.)

In principle, the meeting is held on a regular monthly basis. The meeting is held separately from time to time, as needed.

(c) Activities of the Audit & Supervisory Committee Members

i) Activities of the Audit & Supervisory Committee and its Members

The Audit & Supervisory Committee members attended the Board of Directors meetings (held 18 times in total during the current fiscal year) to audit the status of the execution of duties by directors, as well as auditing the legality and appropriateness of the process and results of deliberations on agenda items and asking questions and expressing opinions if necessary.

The Audit & Supervisory Committee met with the Representative Director to exchange opinions and information on management issues and auditing issues, and interviewed four executive directors individually to hear their recognition of issues related to business execution and their policies on initiatives, and expressed our opinions, as necessary. In addition, the Audit & Supervisory Committee established opportunities to exchange opinions and communicate with the three outside directors regarding management policies and the status of the execution of duties by Directors.

Full-time Audit & Supervisory Committee Members attended important internal meetings (Comprehensive Risk Management and Compliance Committee, Food safety meetings and Group IT plenary, etc.), inspected approved documents and other important documents and received reports as appropriate from the persons in charge of each department, thereby they daily monitored matters necessary for internal control (governance, compliance, risk management, status of food safety, improvement and maintenance of working environment, etc.) and performed operational audit.

With regard to subsidiaries, the Audit & Supervisory Committee exchanged opinions with directors and persons in charge of each department, communicated with Auditors of subsidiaries and conducted on-site inspections as necessary, to understand the status of governance and compliance of subsidiaries and to investigate and confirm the status of operation of internal control in the Group.

The full-time Audit & Supervisory Committee member shared information from its audit works with the other Audit & Supervisory Committee members as appropriate and made recommendations and proposals to the Company after repeated discussions at the Audit & Supervisory Committee meetings, if necessary.

ii) Status of Cooperation with the Internal Audit Department

The Internal Audit Department conducts internal audits of the Company and its subsidiaries under the direction of the Representative Director. The full-time Audit & Supervisory Committee Member meets regularly with the Internal Audit Department to receive shared reports on the results of internal audits and their progress as appropriate and to exchange opinions and information as necessary in order to maintain close cooperation and to improve the audit environment.

Details of cooperation between full-time Audit Committee member and the Internal Audit Department are as follows.

Name of meeting, etc.	period	summary
Internal audit report meeting	Appropriately	The Audit & Supervisory Committee received explanations of the internal audit plan, internal audit results, etc., and exchanged opinions on the status of audit implementation, etc.
Regular meeting	In principle, once a month	Information was mainly exchanged between the Internal Audit Department and the full-time Audit Committee members and issues were mutually confirmed.
Domestic and overseas subsidiaries sharing of progress charts of past audits	In principle, once a month	The status of domestic and overseas internal audits was shared and progress was shared on issues identified and detailed reports were received, as necessary.

iii) Status of Cooperation with the Accounting Auditor

The Audit & Supervisory Committee received quarterly reports from the Accounting Auditor on the procedures and results of the accounting and internal control audits and exchanged opinions with them. In addition, the Audit & Supervisory Committee received reports about items and contents of KAM (Key Audit Matters) to be included in the accounting audit report, shared issues, exchanged information as necessary and worked in close cooperation to exchange opinions for the effective and efficient execution of accounting and internal control audits.

Details of cooperation between the Audit & Supervisory Committee and the Accounting Auditor are as follows.

Name of meeting, etc.	period	summary
Quarterly review report	August, November February	The Audit & Supervisory Committee received reports from the Accounting Auditor on the results of each quarterly review and exchanged opinions.
Year-end audit report	May	The Audit & Supervisory Committee received reports on the results of the year-end audit, matters related to the performance of duties by the Accounting Auditor, and the results of inspections by external organizations, etc., and exchanged opinions.
Explanation of audit plan, etc.	August, November	The Audit & Supervisory Committee received an overview of the audit plan for the current fiscal year and explanations regarding audit and non-audit fees and exchanged opinions.
KAM (Key Audit Matters)	June	The Audit & Supervisory Committee received a report and discussed tests for impairment loss recognition related to restaurant and store assets and goodwill, and evaluation of investments in intermediary holding companies.
Reporting on the status of internal control audits, etc.	April, August, November, December	Internal control audits were reported and opinions were exchanged on governance and fraud risks.
Japanese Institute of Certified Public Accountants Compliance with Revised Ethics Rules	April~March	Confirmation of the conceptual framework for non-assurance engagements and of impediments to independence of accounting auditors, etc.

iv) Internal Reporting System

The Company has established the "Zensho Group Hotline" (internal reporting desk). As part of the measures to reinforce the Company's governance and compliance, the Company established "Zensho Group Hotline Audit & Supervisory Committee counter" as an internal reporting system independent from business execution departments, through which Directors and employees of the Group can report to the Audit & Supervisory Committee directly.

v) Others

The Audit & Supervisory Committee shared information with relevant divisions and discussed responses to confirm the progress of the medium-term management plan in response to global political and economic conditions and to discuss the progress of SDGs, ESG and DX initiatives as a prime market listed company.

(iii) Status of Internal Audit

Internal audits are conducted by the Group Internal Audit Department (10 members including manager of the department). The Group Internal Audit Department conducts operational audits and internal control audits of all the Group companies (domestic and overseas), taken into consideration of each business profile and size in accordance with internal audit regulations and audit plans. The Group Internal Audit Department reports result of audits and progress in improvement to the Representative Director as appropriate and to the Audit & Supervisory Committee to enhance mutual cooperation. In addition, the Group Internal Audit Department strives to reinforce the development and operation of internal control by cooperating with the Accounting Auditor as well.

(iv) Status of Audits by the Accounting Auditor

(a) Name of the Accounting Auditor

PricewaterhouseCoopers Japan LLC

PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto and changed its name to PricewaterhouseCoopers Japan LLC on December 1, 2023.

(b) Consecutive auditing period

13years from the fiscal year ended March 31, 2012

(For 9 years from fiscal year ended March 31, 1996, to fiscal year ended March 31, 2004, the Company has selected an audit firm that is the same network firm as PricewaterhouseCoopers.)

(c) Certified public accountants who conducted accounting audits

Designated Engagement Partner Certified public accountant Shigeru Takahama (5 consecutive auditing years)

Designated Engagement Partner Certified public accountant Kentaro Shimizu (5 consecutive auditing years)

(d) Composition of assistants engaged in accounting audits

The assistants engaged in the accounting audits of the Company comprised of 4 certified public accountants and 21 others.

(e) Policy and reasons for the selection of the accounting audit firm

The Audit & Supervisory Committee has established the “Criteria for evaluation and selection of the Accounting Auditor” and selects an audit firm in accordance with the criteria. Decision was made after comprehensively considering whether the accounting firm has certain business size and world-wide network that enable an efficient audit for the Company’s wide range of businesses, whether it has adequate audit and quality control system, whether audit days, audit period, specific audit guidelines and audit fees are reasonable and appropriate and also considering its past activities. In addition, the Audit & Supervisory Committee confirmed its ethic and independence according to “Amended Ethics Regulations (July 25, 2022)” issued by the Japanese Institution of Certified Public Accountants and verified and ensured that it has necessary expertise.

The current Accounting Auditor is a network firm of PricewaterhouseCoopers, which operates world-wide and has abundant human resources with expertise in overseas accounting and audits. The Company determined that the current audit firm is adequate since the Company is actively expanding its overseas business.

If such a necessary case as the Accounting Auditor disrupts the execution of its duties, the Audit & Supervisory Committee will decide the content of a proposal that the Accounting Auditor be discharged or not be reappointed to the General Meeting of Shareholders. The Board of Directors submits such a proposal to the General Meeting of Shareholders based on this decision.

Furthermore, if the Accounting Auditor is deemed to fall under any items of Article 340, Paragraph 1 of the Companies Act of Japan, the Audit & Supervisory Committee will discharge the Accounting Auditor with a unanimous resolution of its members. In such a case, the designated member reports the dismissal of the Accounting Auditor and the reason for it at the first General Meeting of Shareholders convened after the dismissal.

(f) Evaluation of the auditing firm by the Audit & Supervisory Committee

The Audit & Supervisory Committee has established the “Criteria for evaluation and selection of the Accounting Auditor”, evaluated the audit firm in accordance with the criteria and confirmed that the accounting audits by the audit firm are continuously performed properly.

In addition, the Audit & Supervisory Committee has evaluated the audit firm comprehensively in accordance with the “Practical guidelines for corporate auditors regarding the evaluation of accounting auditors and the formulation of selection criteria” released by the Japan Audit & Supervisory Board Members Association and has resolved regarding the reappointment of it.

(v) Audit fees, etc.

(a) Audit fees to Certified Public Accountants, etc.

(Million yen)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
The Company	88	1	89	1
Consolidated subsidiaries	37	—	38	—
Total	126	1	127	1

Non-audit services of the Company during the previous year and the current fiscal year are preparation of comfort letters relating to bond and share issuance.

(b) Audit fees to the same network (PricewaterhouseCoopers) that Certified Public Accountants, etc. belong to (excluding (a) above)

(Million yen)

Category	Previous fiscal year		Current fiscal year	
	Fees for audit and attestation services	Fees for non-audit services	Fees for audit and attestation services	Fees for non-audit services
The Company	—	—	—	—
Consolidated subsidiaries	47	15	223	37
Total	47	15	223	37

Non-audit services provided for consolidated subsidiaries during the previous fiscal year and the current fiscal year are mainly advisory services relating to internal control assessment of overseas subsidiaries and tax related services, and those of the current fiscal year are mainly advisory services relating to IFRS (International Financial Reporting Standards) and tax related services.

(c) Other material fees for audit services

In the previous fiscal year and the current fiscal year, there is no other material fee for audit and attestation services paid by certain subsidiaries to Certified Public Accountants, etc. who belong to audit firms not in the same network as the Certified Public Accountants, etc. of the Company.

(d) Policy for determining audit fees

Audit fees are determined with the consent of the Audit & Supervisory Committee, after close scrutiny the factors including audit plans, details of estimated audit fees, audit performance of the previous fiscal year, etc.

(e) Reasons for the Audit & Supervisory Committee's approval on audit fees to the Accounting Auditors

The Audit & Supervisory Committee has confirmed and discussed the audit plans, the status of execution of duties, basis for calculation of estimated audit fees and other matters by obtaining necessary materials and reports from Directors, related departments and the Accounting Auditor, based on the "Practical Guidelines for Cooperation with the Accounting Auditor" released by the Japan Audit & Supervisory Board Members Association.

As a result, the Audit & Supervisory Committee has approved on the audit fees to the Accounting Auditors in accordance with Article 399, Paragraph 1 of the Companies Act of Japan.

(4) Compensation, etc. for Directors

(i) The amounts of compensation, etc. for Directors and matters regarding policy for the method of determining such amounts

1) Basic policy and the level of compensation

Compensation for Directors shall be set at a level that motivates them to manage the Company with the aim of increasing corporate value not only in the short term but also in the medium to long term, and at the same time allows the Company to secure a diverse and talented workforce. The level of compensation shall be competitive in comparison with other companies in the same industry and other companies of the same size in other industries.

2) Specific policy

(a) Breakdown of compensation

Compensation for Directors (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) shall consist of basic monthly compensation as fixed compensation, an annual performance-linked compensation (both are monetary compensation) and stock-based compensation to be granted upon retirement based on points awarded for each period covered by the medium-term management plan. Outside Directors and Directors who are Audit & Supervisory Committee Members shall receive only basic monthly fixed compensation.

(b) Limit on the total amount of monetary compensation and maximum number of shares for stock-based compensation

The total amount of compensation for basic monthly compensation and annual performance-linked compensation for Directors shall be determined within the limit of compensation approved by the General Meeting of Shareholders, and the total number of shares of stock-based compensation shall be determined within the maximum number of shares of stock-based compensation approved by the General Meeting of Shareholders, respectively. The Board of Directors and the General Meeting of Shareholders shall approve any change in the limit of the total amount of compensation or the maximum number of shares.

At the 37th Ordinary General Meeting of Shareholders held on June 21, 2019, upper limits of annual compensation for Directors (excluding Directors who are Audit & Supervisory Committee Members) and Audit & Supervisory Committee Members were set at 600 million yen (60 million of which is for Outside Directors, and salary for employees is not included) and 120 million yen, respectively.

(c) Determination of compensation for Directors

i) Determination of fixed compensation

- a) The amount of fixed compensation for each Director (excluding Directors who are Audit & Supervisory Committee Members) shall be determined by the Representative Director based on the fixed basic executive compensation table (by position) within the limit of the total amount of compensation, considering the responsibilities and evaluation of each Director (excluding Directors who are Audit & Supervisory Committee Members).
- b) The fixed basic executive compensation table (by position) shall be determined each year by the Representative Director after consulting the Nomination and Compensation Committee.
- c) The amount of fixed compensation for Directors who are Audit & Supervisory Committee Members shall be determined by deliberation among the Audit & Supervisory Committee Members within the limit of the total amount of compensation, considering whether the Director serves full-time or part-time, the duties assigned to them and other factors.

ii) Determination of performance-linked compensation

- a) The amount of performance-linked compensation for each Director (excluding Outside Directors and Directors who are Audit & Supervisory Committee Members) shall be determined by the Representative Director based on the performance-linked executive compensation table (by position) within the limit of the total amount of compensation, considering the Company's performance and Directors' responsibilities and evaluation. The consolidated ordinary profit margin shall be used as an indicator of the Company's performance. The performance-linked executive compensation table (by position) shall set absolute amounts for the ordinary profit margin of 2.0% or more but less

than 10.0% in 1% increments, and in 2% increments for the ordinary profit margin of 10.0% or more.

- b) The performance-linked executive compensation table (by position) shall be determined each year by the Representative Director after consultation with the Nomination and Compensation Committee.
- c) Performance-linked compensation shall be paid once a year in the month following the month in which the Ordinary General Meeting of Shareholders is held.
- * Information on the Nomination and Compensation Committee is stated in “(1) Overview of corporate governance, (ii) Overview of current corporate governance system and reasons for adoption, (d) Nomination and Compensation Committee.”

iii) Proportion of fixed compensation and performance-linked compensation

Basic compensation (Annual amount)	Consolidated ordinary profit margin	Performance-linked compensation (Index) <Average of eligible Directors>
100 <Index>	Less than 2%	0
	5%	25
	10%	85
	15%	130
	20%	350

3) Delegation of authority to determine the contents of compensation for individual Directors

At the Company, Representative Director, Chairman, President & CEO Kentaro Ogawa determines the specific contents of compensation for individual Directors based on a resolution of delegation by the Board of Directors. The resolution by the Board of Directors delegates the determination of the specific amount of fixed compensation and performance-linked compensation for each Director (excluding Directors who are the Audit & Supervisory Committee Members). The reason for delegating this determination is that the Representative Director is best suited to evaluate the duties, responsibilities and performance of each Director while observing the Company’s overall business performance.

The Company has established objective payment standards determined by the Board of Directors after consulting with the Nomination and Compensation Committee to ensure that the Representative Director appropriately determines the amount of compensation for individual Directors, and since the content of compensation for individual Directors has been determined through such procedures, the Board of Directors has judged that the content of compensation for individual Directors is in line with the determination policy.

4) Activities of the Board of Directors, etc., in the process of determining the amount of compensation, etc. for Directors in the current fiscal year

At the Board of Directors meeting held on June 24, 2022, the Representative Director was delegated to determine basic monthly compensation and performance-linked compensation for individual Directors.

At the Audit & Supervisory Committee meeting held on June 24, 2022, compensation for Directors who are the Audit & Supervisory Committee Members was determined by mutual consultation among the Audit & Supervisory Committee Members.

5) Calculation method for performance-linked stock compensation

Apart from the limit on total compensation for Directors (600 million yen or less per year), the Company introduced a performance-linked stock compensation system for Directors and Executive Officers excluding Outside Directors or the Audit & Supervisory Committee Members, (hereinafter, “Directors, etc.”). The Company intends to raise awareness among Directors, etc. to contribute to improving the Company’s business performance and increasing its corporate value over the medium to long term, by clarifying the link between the compensation for Directors, etc. and the Company’s business performance and stock value, and by sharing with shareholders not only the benefits of an increase in stock price but also the risk of a decline in stock price.

Total number of shares to be awarded to Directors as stock compensation is decided within the upper limit approved at the General Meeting of Shareholders. The upper limit of shares to be allocated to Directors for the 3 years from fiscal year ending March 31, 2023, to fiscal year ending March 31, 2025 and for every 3 years starting after the expiry of the period (hereinafter, “MMP Period”) was set at 225,000 shares.

Under the performance-linked stock compensation system, according to the Executive Stock Benefit Regulations, etc., the Company grants performance points to each Directors, etc. based on the position, achievement level of predetermined performance indicators based on a medium-term management plan, and others. At their retirement, depending on the number of their points, the Company shall pay certain number of the Company’s shares and certain amount of cash which is equal to the number of shares multiplied by the fair market price of the Company’s share (hereinafter, “Company’s shares, etc.”).

Detail of the system is as follows.

(a) Eligible persons for the performance points (hereinafter, the “Expected Recipients”)

Directors, etc.

(b) Contents of the compensation paid as performance-linked stock compensation

Company’s Share, etc.

(c) Calculation method for performance-linked stock compensation

i) Method to determine the performance points to be awarded

a. Timing of granting points

The Company grants points as a compensation for the performance of duties during the tenure to the Expected Recipients as of the date of the Ordinary General Meeting of Shareholders held immediately after the end of MMP Period. In addition, when Directors, etc. retires during the period of execution of duties, certain performance points calculated by the method as set forth below will be paid as a compensation for the execution of duties during the term in office in the MMP Period.

b. Performance indicators linked to compensation

Under the system, the sum of the consolidated ordinary profits for each fiscal year in the MMP Period is set as a performance indicator. Performance points are calculated by using the performance-link index based on the achievement level of the performance indicator.

Notes: 1. Consolidated ordinary profit is the amount shown on the annual securities report.

2. The amount disclosed publicly at the time of formulation is used for planed consolidated ordinary profit for each fiscal year, regardless of any revisions. Total amount of consolidated ordinary profit for the First MMP period is 116.8 billion yen.

c. Performance points to be awarded

a) The number of points to be awarded to Directors is calculated using the following formula.

(Formula)

Points decided by position for the MMP Period (Table 1) x performance-link index (Table 2)

- b) Points decided by position is a sum of points calculated based on the number of the months for the tenure for each position (hereinafter, “Service Period”).
- c) In case of retiring during MMP Period, the performance-link index will be set as below.
- In case achievement level for the Service Period is 100% or more: 0.3
 - In case achievement level for the Service Period is less than 100%: 0.0
- In such a case, achievement level shall be against the total planned consolidated ordinary profit for each fiscal year in the Service Period, using the total actual one as a performance indicator. If the Service Period ends during the fiscal year, the amount shall be monthly pro-rated depending on the number of months of the Service Period, respectively.
- d) Fractions of less than one point are rounded down (no fractional treatment is performed in the calculation process).

Table 1 Points determined by position

Position	Points determined by position
Representative Director	60,000
Deputy President	36,000
Senior Managing Executive Director	24,000
Managing Executive Director	18,000
Director (Excluding those with the above titles)	6,000

Table 2 Performance-link index

Achievement level	Performance-link index
150% or more	1.5
120% or more, less than 150%	1.3
110% or more, less than 120%	1.1
100% or more, less than 110%	1.0
Less than 100%	0.0

ii) Share of the Company, etc. to be paid

Expected Recipients obtains the right to receive the compensation, when requirements stipulated in the Executive Stock Benefit Regulations, etc. which was established by the resolution of the Board of Directors are satisfied by the retiring date. However, in cases such as the Expected Recipient’s dismissal is resolved at the Board of Directors or at the General Shareholders’ Meeting, the Expected Recipient retired as a result of certain illegal acts during the tenure and the Expected Recipient’s inappropriate acts during the tenure has caused a damage to the Company, they cannot obtain the right to receive the compensation.

The payment to the Expected Recipients who obtained the right to receive it is listed in each case as below.

a. When Directors, etc. retires due to the expiry of the term

The Company pays the shares stated in a) below, and monetary amounts stated in b) below.

a) Shares

Calculated points using the following formula is the number of shares to be paid.

(Formula)

Number of shares = accumulated number of points at the date of retirement (hereinafter, “Acquired Points”) x 70%
(shares less than one unit is discarded)

b) Monetary amounts

Calculated amount using the following formula is paid.

(Formula)

Amount to be paid = (Acquired Points – number of shares calculated in a) above) x Market price of the Company’s share as of the date of retirement

b. When Directors, etc. retires due to the reasons other than expiry of the term

The Company pays the shares stated in a) below and monetary amounts stated in b) below.

a) Shares

Calculated points using the following formula is the number of shares to be paid.

(Formula)

Number of shares = Acquired Points – Number of points constituting less than one unit

b) Monetary amounts

Calculated amount using the following formula is paid.

(Formula)

Amount to be paid = Number of discarded points in a) above x Market price of the Company's share as of the date of retirement

c. When Directors, etc. dies

The bereaved family of the Expected Recipients obtains the right to receive the compensation amount as survivors' benefits on the date of the death, provided that requirements stipulated in the Executive Stock Benefit Regulations established by the resolution of the Board of Directors.

(Formula)

Amount of survivors' benefits = Acquired Points x Market value of the Company's share as of the date of the death

d. Upper limits of shares to be paid during the MMP Period by each position

Upper limits of shares to be paid to Directors during the MMP Period by each position is as below.

Table 3 Upper limits of shares to be paid during the MMP Period by position
(Upper limit for the entire three fiscal years)

Position	Upper limits of shares
Representative Director	90,000
Deputy President	54,000
Senior Managing Executive Director	36,000
Managing Executive Director	27,000
Director (Excluding those with the above titles)	9,000

e. Proportion of compensation by type

The ratio of performance-linked stock compensation to total compensation varies depending on business performance and stock price, however, it is generally as follows.

Monetary compensation (fixed compensation/performance-linked compensation): 75%

Stock compensation: 25%

f. Delegations regarding the determination of compensation for individual Directors

Matters related to the stock compensation are not subject to any delegations.

(ii) Total amounts of compensation by category of Directors, total amounts by category of compensation and number of eligible Directors

Category of Directors	Total amounts of compensation (Million yen)	Total amounts by category of compensation (Million yen)			Number of eligible Directors (persons)
		Fixed compensation	Performance-linked compensation		
			Monetary compensation	Stock compensation	
Directors (excluding Outside Directors and the Audit & Supervisory Committee Members)	553	345	26	181	6
The Audit & Supervisory Committee Members (excluding Outside Directors)	2	2	—	—	1
Outside Directors	80	80	—	—	11

Note: At the current fiscal year-end, there are 9 Directors (excluding the Audit & Supervisory Committee Members, including 4 Outside Directors) and 4 the Audit & Supervisory Committee Members (including 4 Outside Directors).

(iii) Total amounts of compensation on a consolidated basis by Director, etc.

Name	Category of Directors	Category of Company	Total amounts by category of compensation (Million yen)			Total amounts of compensation (Million yen)
			Fixed compensation	Performance-linked compensation		
				Monetary compensation	Stock compensation	
Kentaro Ogawa	Representative Director, Chairman, President & CEO	The Company	227	12	88	328

Note: Only individual whose total compensation, etc. on a consolidated basis 100 million or more yen is stated.

(5) Share holdings

(i) Classification standards and approach to investment securities

The Company classifies investment securities into those for pure investment purposes and those for purposes other than pure investment (strategic-holding securities). Pure investment securities are the securities held to gain income through changes in stock prices or dividends.

(ii) Investment securities held for purposes other than pure investment

(a) Shareholding policy, method of verification of the reasonability for shareholdings and details of verification by the Board of Directors, etc. for the appropriateness of shareholdings in individual issues

At the current fiscal year-end, the Company has no investment security held for the purposes other than pure investment.

(b) Number of issues and total balance sheets amount

Not applicable.

(c) Information on the number of shares and balance sheets amounts, etc. of specified investment securities and deemed holdings of investment securities by issue

Not applicable.

(iii) Investment securities held for purposes other than pure investment

Category	Previous fiscal year		Current fiscal year	
	Number of issues (issue)	Total balance sheets amount (Million yen)	Number of issues (issue)	Total balance sheets amount (Million yen)
Unlisted shares	1	5	1	5
Other shares	—	—	—	—

(Million yen)

Category	Current fiscal year		
	Total amount of dividend income	Total amount of gain or loss on sale of shares	Total amount of gain or loss on valuation of shares
Unlisted shares	—	—	—
Other shares	—	—	—

V. FINANCIAL INFORMATION

1. Preparation method of the consolidated financial statements and the non-consolidated financial statements

- (1) The consolidated financial statements of the Company have been prepared in accordance with the “Regulation on the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Ministry of Finance Order No. 28, 1976, hereinafter the “Regulation on Consolidated Financial Statements”).

In accordance with “Cabinet Office Order Revising Parts of Regulation on the Terminology, Forms and Preparation Methods of Consolidated Financial Statements” (Cabinet Office Order No. 22 on March 27, 2023), the consolidated financial statements for the current financial year have been prepared in accordance with the amended Regulation on Consolidated Financial Statements.

- (2) The non-consolidated financial statements of the Company have been prepared in accordance with the “Regulation on the Terminology, Forms and Preparation Methods of Financial Statements” (Ministry of Finance Order No. 59, 1963, hereinafter the “Regulation on Financial Statements”).

The Company also qualifies as “special company submitting financial statements” and the non-consolidated financial statements have been prepared in accordance with Article 127 of the Regulation on Financial Statements.

2. Audit certification

Pursuant to Article 193-2, paragraph 1 of the Financial Instruments and exchange Act of Japan, the consolidated financial statements for the fiscal year from April 1, 2023, to March 31, 2024 and the non-consolidated financial statements for the fiscal year from April 1, 2023 to March 31, 2024 were audited by PricewaterhouseCoopers Japan LLC.

PricewaterhouseCoopers Aarata LLC merged with PricewaterhouseCoopers Kyoto and changed its name to PricewaterhouseCoopers Japan LLC on December 1, 2023.

3. Particular efforts to secure the appropriateness of the consolidated financial statements, etc.

The Company conducts special measures for ensuring the appropriateness of consolidated financial statements, etc. Specifically, the Company became a member of the Financial Accounting Standards Foundation to develop systems through which the Company grasps the contents of Accounting Standards and related regulations appropriately or accurately respond to changes in the standards and related regulations.

1. Consolidated Financial Statements, etc.

(1) Consolidated Financial Statements

(i) Consolidated Balance sheets

(Million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	64,690	82,171
Accounts receivable - trade	※ 1 28,747	※ 1 46,727
Securities	—	19,907
Merchandise and finished goods	4,740	5,113
Work in process	1,269	2,731
Raw materials and supplies	36,819	41,058
Other	21,892	27,112
Allowance for doubtful accounts	(166)	(365)
Total current assets	157,993	224,457
Non-current assets		
Property, plant and equipment		
Buildings and structures	※ 2 221,844	※ 2 253,223
Accumulated depreciation	(131,704)	(147,862)
Buildings and structures, net	90,140	105,360
Machinery, equipment and vehicles	18,645	26,085
Accumulated depreciation	(10,843)	(14,146)
Machinery, equipment and vehicles, net	7,802	11,939
Tools, furniture and fixtures	86,515	103,657
Accumulated depreciation	(60,271)	(70,328)
Tools, furniture and fixtures, net	26,244	33,328
Land	※ 2 24,987	※ 2 29,109
Leased assets	59,338	84,210
Accumulated depreciation	(27,305)	(35,875)
Leased assets, net	32,033	48,335
Construction in progress	604	3,939
Total property, plant and equipment	181,811	232,013
Intangible assets		
Trade mark right	49,359	201,169
Goodwill	11,652	13,616
Other	4,435	5,493
Total intangible assets	65,446	220,279
Investments and other assets		
Investment securities	※ 3 2,168	※ 3 2,162
Guarantee deposits	※ 4 33,845	※ 4 38,074
Long-term prepaid rent	13,900	13,004
Deferred tax assets	8,360	9,922
Other	6,019	7,396
Allowance for doubtful accounts	(51)	(105)
Total investments and other assets	64,244	70,453
Total non-current assets	311,502	522,746
Deferred assets		
Share issuance cost	—	808
Bond issuance cost	67	43
Total deferred assets	67	852
Total assets	469,563	748,056

(Million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Liabilities		
Current liabilities		
Accounts payable - trade	29,319	43,148
Short-term borrowings	※ 5 7,600	※ 5 7,542
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	※ 2 16,163	※ 2 26,735
Lease liabilities	9,542	13,619
Income taxes payable	3,970	14,966
Contract liabilities	732	860
Provision for bonuses	3,014	4,082
Other	40,450	59,748
Total current liabilities	110,792	180,704
Non-current liabilities		
Bonds payable	25,000	15,000
Long-term borrowings	※ 2 168,433	※ 2 224,369
Lease liabilities	26,137	42,723
Provision for share awards	157	378
Retirement benefit liability	681	274
Asset retirement obligations	4,411	6,814
Deferred tax liabilities	13,609	57,102
Other	4,502	6,037
Total non-current liabilities	242,933	352,699
Total liabilities	353,726	533,403
Net assets		
Shareholders' equity		
Share capital	26,996	47,497
Capital surplus	23,809	74,112
Retained earnings	60,576	85,461
Treasury shares	(6,915)	(13,715)
Total shareholders' equity	104,466	193,355
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(58)	24
Deferred gains or losses on hedges	(1,081)	158
Remeasurements of defined benefit plans	58	—
Foreign currency translation adjustment	12,248	20,845
Total accumulated other comprehensive income	11,167	21,029
Non-controlling interests	203	267
Total net assets	115,837	214,652
Total liabilities and net assets	469,563	748,056

(ii) Consolidated Statements of Income and Comprehensive Income
 <Consolidated Statements of Income>

(Million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net Sales	※1 779,964	※1 965,778
Cost of Sales	365,093	441,727
Gross Profit	414,871	524,050
Selling, General and Administrative Expenses	※2, ※3 393,137	※2, ※3 470,342
Operating Profit	21,734	53,707
Non-operating income		
Interest income	477	850
Dividend income	4	5
Share of profit of entities accounted for using equity method	7	6
Foreign exchange gains	1,756	—
Subsidy income	6,779	570
Other	1,194	1,138
Total non-operating income	10,219	2,571
Non-operating expenses		
Interest expenses	2,849	3,790
Foreign exchange losses	—	147
Other	1,022	1,427
Total non-operating expenses	3,872	5,365
Ordinary profit	28,081	50,913
Extraordinary income		
Gain on sale of non-current assets	※ 4 18	※ 4 64
Insurance claim income	18	128
Compensation income	443	—
Gain on termination of retirement benefit plan	—	※ 5 179
Other	289	202
Total extraordinary income	770	573
Extraordinary losses		
Loss on retirement of non-current assets	※ 6 2,702	※ 6 1,890
Impairment losses	※ 7 1,503	※ 7 1,350
Other	1,156	719
Total extraordinary losses	5,363	3,960
Net Profit before income taxes	23,488	47,526
Income taxes - current	9,589	18,033
Income taxes - deferred	620	(1,217)
Total income taxes	10,209	16,816
Profit	13,278	30,709
Profit (loss) attributable to non-controlling interests	12	16
Profit attributable to owners of parent	13,265	30,693

<Consolidated Statement of Comprehensive Income>

(Million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net Profit	13,278	30,709
Other comprehensive income		
Valuation difference on available-for-sale securities	14	83
Deferred gains or losses on hedges	(1,766)	1,240
Remeasurements of defined benefit plans	39	(58)
Foreign currency translation adjustment	6,587	8,787
Share of other comprehensive income of entities accounted for using equity method	27	45
Total other comprehensive income	※ 1 4,902	※ 1 10,097
Comprehensive income	18,180	40,807
(Breakdown)		
Comprehensive income attributable to owners of parent	18,146	40,780
Comprehensive income attributable to non-controlling interests	34	26

(iii) Consolidated Statements of Changes in Shareholders' Equity

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury share	Total Shareholders' Equity
Beginning balance	26,996	24,823	51,080	(5,839)	97,060
Changes during period					
Dividends of surplus			(3,495)		(3,495)
Profit attributable to owners of parent			13,265		13,265
Purchase of treasury shares				(1,077)	(1,077)
Disposal of treasury shares		0		0	0
Change in scope of consolidation			(273)		(273)
Purchase of shares of consolidated subsidiaries		(1,014)			(1,014)
Net changes in items other than shareholders' equity					
Total changes during period	—	(1,014)	9,496	(1,076)	7,405
Ending balance	26,996	23,809	60,576	(6,915)	104,466

	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	(72)	684	18	5,629	6,259	1,165	104,486
Changes during period							
Dividends of surplus							(3,495)
Profit attributable to owners of parent							13,265
Purchase of treasury shares							(1,077)
Disposal of treasury shares							0
Change in scope of consolidation							(273)
Purchase of shares of consolidated subsidiaries							(1,014)
Net changes in items other than shareholders' equity	14	(1,766)	39	6,619	4,907	(962)	3,944
Total changes during period	14	(1,766)	39	6,619	4,907	(962)	11,350
Ending balance	(58)	(1,081)	58	12,248	11,167	203	115,837

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury share	Total Shareholders' Equity
Beginning balance	26,996	23,809	60,576	(6,915)	104,466
Cumulative effect of changes in accounting policies			233		233
Restated balance	26,996	23,809	60,810	(6,915)	104,700
Changes during period					
Issuance of new shares	35,501	35,501			71,002
Dividends of surplus			(5,600)		(5,600)
Profit attributable to owners of parent			30,693		30,693
Purchase of treasury shares				(6,799)	(6,799)
Disposal of treasury shares		0			0
Transfer from share capital to other capital surplus	(15,000)	15,000			—
Change in scope of consolidation		(199)	(442)		(641)
Net changes in items other than shareholders' equity					
Total changes during period	20,501	50,302	24,650	(6,799)	88,655
Ending balance	47,497	74,112	85,461	(13,715)	193,355

	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	(58)	(1,081)	58	12,248	11,167	203	115,837
Cumulative effect of changes in accounting policies				(233)	(233)		—
Restated balance	(58)	(1,081)	58	12,015	10,933	203	115,837
Changes during period							
Issuance of new shares							71,002
Dividends of surplus							(5,600)
Profit attributable to owners of parent							30,693
Purchase of treasury shares							(6,799)
Disposal of treasury shares							0
Transfer from share capital to other capital surplus							—
Change in scope of consolidation							(641)
Net changes in items other than shareholders' equity	83	1,240	(58)	8,830	10,095	64	10,159
Total changes during period	83	1,240	(58)	8,830	10,095	64	98,815
Ending balance	24	158	—	20,845	21,029	267	214,652

(iv) Consolidated Statements of Cash Flows

(Million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from operating activities		
Profit before income taxes	23,488	47,526
Depreciation	30,436	34,437
Impairment losses	1,503	1,350
Amortization of goodwill	1,583	1,770
Increase (decrease) in provision for bonuses	57	716
Increase (decrease) in provision for share awards	157	221
Interest and dividends income	(482)	(855)
Interest expenses	2,849	3,790
Loss on retirement of property, plant and equipment	2,290	1,858
Decrease (increase) in trade receivables	(3,472)	(8,198)
Decrease (increase) in inventories	(3,280)	(1,271)
Increase (decrease) in trade payables	1,689	3,319
Increase (decrease) in accrued consumption taxes	6,355	5,824
Decrease (increase) in other current assets	4,302	(2,664)
Decrease (increase) in other non-current assets	2,302	2,110
Increase (decrease) in other current liabilities	3,524	5,843
Increase (decrease) in other non-current liabilities	(205)	81
Other, net	(122)	(1,335)
Subtotal	72,978	94,525
Interest and dividends received	268	659
Interest paid	(2,841)	(3,999)
Income taxes paid	(18,498)	(5,199)
Subsidy for cooperation received	1,171	—
Net cash provided by (used in) operating activities	53,078	85,985
Cash flows from investing activities		
Purchase of securities	—	(20,000)
Purchase of property, plant and equipment	(30,983)	(40,120)
Proceeds from sales of property, plant and equipment	17	45
Purchase of intangible assets	(1,517)	(1,975)
Purchase of long-term prepaid expenses	(421)	(422)
Purchase of long-term investment securities	(522)	(870)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	※ 2 (58,194)
Payments of guarantee deposits	(2,008)	(2,027)
Proceeds from refund of guarantee deposits	1,052	1,285
Payments of long term prepaid rents	(597)	(731)
Other, net	(219)	(2,375)
Net cash provided by (used in) investing activities	(35,200)	(125,387)

(Million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	7,187	(1,318)
Proceeds from long-term borrowings	32,219	145,925
Repayments of long-term borrowings	(24,590)	(133,102)
Repayments of lease liabilities	(11,296)	(14,647)
Purchase of treasury shares	(1,077)	(6,799)
Proceeds from issuance of bonds	9,960	—
Redemption of bonds	(5,000)	—
Proceeds from share issuance to non-controlling shareholders	43	38
Proceeds from issuance of shares	—	70,020
Dividends paid	(3,483)	(5,602)
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(2,106)	—
Other, net	(10)	119
Net cash provided by (used in) financing activities	1,844	54,633
Effect of exchange rate change on cash and cash equivalents	2,191	1,754
Net increase (decrease) in cash and cash equivalents	21,913	16,986
Beginning balance of cash and cash equivalents	42,414	64,690
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	362	494
Ending balance of cash and cash equivalents	※ 1 64,690	※ 1 82,171

Notes on Consolidated Financial Statements

(Significant matters that form the basis for preparation of consolidated financial statements)

The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

1. Matters related to the scope of consolidation

(1) Number of consolidated subsidiaries: 161

Names of major consolidated subsidiaries:

This information is omitted since it is provided in “I. OVERVIEW OF COMPANY, 4. Subsidiaries and Associates.”

A total of 7 companies including Marix Co., Ltd. and other companies, which were non-consolidated subsidiaries until the previous fiscal year, are included in the scope of consolidation due to their increased importance during the current fiscal year.

A total of 28 companies including Lotteria Co., Ltd., Sushi Circle Gastronomie GmbH, and SnowFox Topco Limited and other companies are included in the scope of consolidation due to the acquisition of new shares during the current fiscal year.

A total of 5 companies including ZENSHO INTERNATIONAL FOOD SERVICE LIMITED and other companies are included in the scope of consolidation since they were newly established in the current fiscal year.

(2) Names, etc. of major non-consolidated subsidiaries:

A total of 5 companies including ZENSHO FOOD INDIA PRIVATE LIMITED

<Reasons for exclusion from the scope of consolidation>

All of the non-consolidated subsidiaries are small in size, and their total assets, sales, profit (an amount prorated to ownership), and retained earnings (an amount prorated to ownership) have no significant impact on the consolidated financial statements.

2. Matters related to the application of the equity method

(1) Number of affiliates accounted for by the equity method: 1

Name of the affiliate: MARUI Wasabi, Inc.

(2) Matters related to non-consolidated subsidiaries not subject to the equity method

A total of 5 companies including ZENSHO FOOD INDIA PRIVATE LIMITED

<Reasons for not subject to the equity method>

In light of profit (an amount prorated to ownership), retained earnings (an amount prorated to ownership), etc., the Company does not apply the equity method to each company, whose respective figures have no significant impact on the consolidated financial statements and are immaterial in the aggregate.

3. Matters related to the accounting periods of consolidated subsidiaries

For the 20 consolidated subsidiaries whose closing dates differ from the consolidated closing date, provisional financial statements prepared for consolidation as of the consolidated closing date are used in preparing the consolidated financial statements.

4. Matters related to accounting policies

(1) Valuation standards and valuation methods of significant assets

(i) Securities

Available-for-sale securities

- Shares other than shares with no market price, etc.

Mark-to-market method (valuation difference is booked directly in net assets, and the cost of securities sold is calculated using the moving average method.)

For compound financial instruments for which the fair value of embedded derivatives cannot be measured separately, the entire compound financial instrument is measured at fair value and the valuation difference is reported as profit or loss.

- Shares with no market price, etc.

Cost method using the moving average method

(ii) Derivatives

Mark-to-market method

(iii) Inventories

Merchandise:

Principally the retail method (the inventories stated in the balance sheets have been written down of book values so that book values reflect decline in profitability.)

Finished goods, raw materials and work in progress:

Principally the first-in first-out method (the inventories stated in the balance sheets have been written down of book values so that book values reflect decline in profitability.)

Supplies:

Principally the last purchase price method (the inventories stated in the balance sheets have been written down of book values so that book values reflect decline in profitability.)

(2) Depreciation and amortization method of significant assets

(i) Property, plant and equipment (excluding leased assets)

Principally straight-line method.

The main useful lives are as follows:

Buildings and structures 2 to 50 years

Tools, furniture and fixtures 2 to 20 years

(ii) Intangible assets

Straight-line method

Software for internal use is amortized over the estimated internal useful life of the asset (five years).

Trade mark right whose useful life cannot be determined is not amortized.

(iii) Leased assets

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method, considering useful lives equal to lease terms, and estimating residual values as zero or the guaranteed residual value.

Certain overseas consolidated subsidiaries apply International Financial Reporting Standard 16, "Leases". In those cases, principally all the lease transactions as lessee are recorded as assets and liabilities, and those assets are depreciated using the straight-line method.

(3) Deferred assets

Share issuance cost: Amortized using the straight-line method over 3 years.

Bond issuance cost: Amortized using the straight-line method over the period up to the redemption.

(4) Standards for recognizing significant allowance and provision

(i) Allowance for doubtful accounts

To prepare for possible losses caused by bad debt on loans and other receivables, an estimated uncollectible amount is recorded in consideration of their collectability as to potential bad debt or other certain receivables.

(ii) Provision for bonuses

To prepare for the payment of bonuses to employees, provision for bonus is recorded based on the estimated amount of bonus payments.

(iii) Provision for share awards

To prepare for the payment of the Company's shares to Directors, etc. in accordance with the Executive Stock Benefit Regulations, provision for share awards is recorded based on the estimated amount of obligation for share benefits.

(5) Accounting method of retirement benefits

The Company and certain consolidated subsidiaries adopt defined contribution pension plans. Certain consolidated subsidiaries adopt defined benefit pension plan using the simplified method.

(6) Recognition standard for significant revenue and expenses

The Group is mainly engaged in the provision of services through the operation of restaurants, the sale of food products through the operation of supermarkets, etc. the granting of franchise rights and the provision of restaurant and store operation guidance.

Revenue from the provision of services is mainly derived from the provision of food based on customer orders at the Gyudon restaurants, standard restaurants and fast-food restaurants, etc. Revenue is recognized at the time the performance obligation is satisfied when the food is served to the customer and the consideration is received.

Revenue from sales of food products, etc., consists of sales of food products, etc., at supermarkets, sales of food ingredients to franchisees, wholesale of processed food, etc. Revenue is recognized at the time the performance obligation is satisfied when the products are delivered to customers.

Revenue related to the granting of franchise rights and the provision of restaurant and store operation guidance to franchisees (franchise fees and royalty income) is recognized in accordance with the actual terms of the transactions. Franchise fees are recognized as a contract liability at the time the franchise agreement is entered into, and then recognized as revenue over a period of time in accordance with the satisfaction of performance obligations. Royalty income is measured based on the sales of the counterparty and revenue is recognized when it is earned.

Revenue is measured by deducting discounts from the consideration promised in the contract with customers, and no material financial factor is included in the contracts because the payment term applied in the major transactions of the Group usually has due within a short period of time.

(7) Standard for translation of significant foreign-currency denominated assets or liabilities into yen

Foreign currency monetary receivables and payables are translated into yen based on the spot rate of exchange in the foreign exchange market on the balance sheets date and the foreign exchange gains and losses from translation are recognized in the income statement.

Assets and liabilities of overseas consolidated subsidiaries, etc. are translated into yen based on the spot rate of exchanges in the foreign exchange market on the balance sheets date, while revenue and expenses are translated into yen based on the average rate of exchange for the fiscal year. The differences resulting from such translations are included in "Foreign currency translation adjustment" and "Non-controlling interests" under net assets.

(8) Significant hedge accounting method

(i) Hedge accounting method

Deferral hedge accounting is applied.

Designation accounting is applied to the derivative transactions that meet the requirements for that treatment, and exceptional accounting is applied to the interest-rate swap agreements that meet the requirements for that treatment.

For net investments in foreign subsidiaries, foreign currency translation differences arising from hedging instruments are included in “Foreign currency translation adjustment.”

(ii) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Forward exchange contracts	Payables denominated in foreign currencies
Forward exchange contracts	Receivables denominated in foreign currencies
Forward exchange contracts	Net investments in foreign subsidiaries
Interest rate swap agreements	Interest of loans

(iii) Hedging policy

The Group hedges the interest-rate fluctuation risks and the exchange-rate fluctuation risks on borrowings, monetary assets or liabilities in foreign currencies and net investments in foreign subsidiaries.

(iv) Method for evaluating hedging effectiveness

Hedge transactions are deployed in accordance with the risk management policies. Complete correlation is confirmed between hedging instruments and hedged items as to the risks resulting from interest rate and exchange rates fluctuations.

(9) Goodwill amortization and amortization periods

Goodwill are amortized using the straight-line method over a period within 20 years.

(10) Cash and cash equivalents in the consolidated statements of cash flows

Cash and cash equivalents comprise cash on hand, deposits that can be withdrawn on demand and short-term investments within three months maturity from acquisition date that are readily convertible into cash and are exposed to insignificant risk of changes in value.

(Significant accounting estimates)

1. Tests for impairment loss recognition related to restaurant assets

The Group has recorded restaurant assets of 90,364 million yen (property, plant and equipment: 90,205 million yen, intangible assets: 14 million yen, investment and other assets: 144 million yen) related to the restaurant business as of the previous fiscal year-end. and has recorded restaurant assets of 115,254 million yen (property, plant and equipment: 115,074 million yen, intangible assets: 103 million yen, investment and other assets: 76 million yen) as of the current fiscal year-end.

The Group classifies its restaurant assets mainly at a restaurant-by-restaurant level, and determines that there are indications of impairment in restaurant assets when the restaurants' cash flow from operating activities used for management accounting is continuously negative. For restaurants for which indications are identified, the Group assesses whether it is necessary to recognize an impairment loss, and if so, measures and records it accordingly.

In determining whether recognition of an impairment loss is necessary, the total amount of undiscounted future cash flows of a restaurant is compared with the book value of restaurant assets, and the estimated period of undiscounted future cash flows is the average remaining useful life of the major assets. No growth rate is set for cash flows that exceed the period of the mid-term business plan.

Among the restaurants that show signs of impairment, the number and book value of restaurants determined not to recognize impairment losses are as follows.

Company name	Previous Fiscal Year		Current Fiscal Year	
	Number of restaurants	Book value (Million yen)	Number of restaurants	Book value (Million yen)
Nakau Co., Ltd.	44	358	15	96
Coco's Japan Co., Ltd.	10	113	—	—
Big Boy Japan Inc.	107	2,450	17	214
TAG-1 Co., Ltd.	—	—	10	676

2. Tests for impairment loss recognition related to goodwill

The Group has recorded goodwill of 11,652 million as of the previous fiscal year-end and 13,616 million yen as of the current fiscal year-end.

The Group classifies its assets into larger groups by allocating goodwill to units of multiple assets related to the business under which the goodwill arose. For businesses whose operating profit/loss (after considering goodwill amortization) is continuously negative, the Group determines that there are indications of impairment, assesses whether it is necessary to recognize an impairment loss, and if so, measures and records it accordingly.

In determining whether recognition of an impairment loss is necessary, the total amount of undiscounted future cash flows of the business which goodwill belongs to is compared with the book value of its asset group including goodwill. Estimated periods of undiscounted future cash flows is the remaining useful lives of goodwill. No growth rate is set for cash flows that exceed the period of the mid-term business plan.

Of those goodwill balances that have indications of impairment, the numbers of businesses whose goodwill are judged to be unnecessary to recognize the impairment loss in the previous fiscal year are 2 (Global fast business and Manufacturing and wholesaling business for external sales) whose book values are 621 million yen and 996 million yen, respectively. In the current fiscal year, the numbers of those are 3 (Retail business, Manufacturing and wholesaling business for external sales and Nursing care business) whose book values are 6,199 million yen, 1,020 million yen and 884 million yen, respectively.

(Changes in accounting policies)

(Application of Accounting Standard for Current Income Taxes)

The Group has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Standard No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) from the beginning of the current fiscal year.

Previously, calculated amounts of current income taxes on earnings, etc. (“Corporate Taxes, etc.”) were recorded in profit or loss in accordance with laws and regulations. From the current year, Corporate Taxes, etc. is recorded in profit or loss, shareholders’ equity or other comprehensive income depending on the transactions as the source. Regarding Corporate Taxes, etc. recorded in accumulated other comprehensive income, the corresponding amount of tax is recorded in profit or loss when this transaction is recorded in profit or loss.

Additionally, if the taxable transaction is related to not only profit or loss but also shareholders’ equity or other comprehensive income and it is difficult to calculate the amount of Corporate Taxes, etc., charged on shareholders’ equity or other comprehensive income, all the amounts of such taxes are recorded in profit or loss.

The Group applies to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 about revisions to categories for recording Corporate Taxes, etc. (taxation on other comprehensive income). The amount of cumulative effect on the initial fiscal year in the case that the new accounting policy is retrospectively applied before the beginning of the initial fiscal year is added or subtracted to retained earnings at the beginning of the initial fiscal year, with the corresponding amount added or subtracted to accumulated other comprehensive income.

As a result, for the current fiscal year, “income taxes current” increased by 644 million yen, “profit attributable to owners of parent” decreased by the same amount, “foreign currency translation adjustment” in other comprehensive income increased by the same amount and “Basic earnings per share” decreased by 4.21 yen. Additionally, for the current fiscal year, the beginning balance of “retained earnings” increased by 233 million yen, and the beginning balance of “foreign currency translation adjustment” in other comprehensive income decreased by the same amount.

Furthermore, the Group has applied the revised “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the current fiscal year, but this has no effect on the consolidated financial statements.

(Changes in presentation)

(Matters related to consolidated Balance Sheets)

The Group has included a portion of food ingredients in “Raw materials and supplies” under “Current assets” from the current fiscal year, which were included in “Merchandise and finished goods” under “Current assets” in the previous fiscal year, in order to make the classification more in line with actual conditions based on the status of their use within the Group.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the Group has reclassified 29,635 million yen of “Merchandise and finished goods” and 11,924 million yen of “Raw materials and supplies” to 4,740 million yen of “Merchandise and finished goods” and 36,819 million yen of “Raw materials and supplies” in the previous fiscal year.

(Matters related to consolidated Statements of Income)

“Gain on sale of non-current assets” and “Insurance claim income”, included in “other” under “Extraordinary income” in the previous fiscal year are presented independently under “Extraordinary income” in the current fiscal year due to the increase of financial significance.

To reflect this change in presentation, the consolidated financial statements for the previous fiscal year have been reclassified.

As a result, the Group has reclassified 326 million yen of “other” under “Extraordinary income” to 18 million yen of “Gain on sale of non-current assets”, 18 million yen of “Insurance claim income” and 289 million yen of “other” in the previous fiscal year.

(Additional Information)

(Board Benefit Trust (BBT))

The Company introduced a performance-linked stock 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 Directors and Executive Officers excluding Outside Directors (hereinafter, “Directors, etc.”).

(1) Overview of the system

The System is a performance-linked stock compensation system under which the Company’s shares are acquired through a trust with cash contributed by the Company as the source of funds, and the Company’s shares and monetary equivalent to the amount obtained by converting the Company’s shares at fair value are 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., is after their retirement from office.

(2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded as treasury shares as part of the net assets of the trust at carrying amount (excluding incidental expenses). Carrying amount and number of shares of such treasury shares are 1,056 million yen and 292 thousand shares as of the previous fiscal year-end, and 1,054 million yen and 291 thousand shares as of the current fiscal year-end.

(3) Carrying amount of borrowings recorded using gross method

Not applicable.

(Matters related to consolidated Balance Sheets)

*1. Among the accounts receivable - trade, the amount of receivables from contracts with customers is as follows.

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Accounts receivable - trade	28,747	46,727

*2. Collateral assets and mortgaged liabilities

Collateral assets are as follows.

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Buildings and structures	229	244
Land	1,126	1,139
Total	1,355	1,383

Mortgaged liabilities are as follows.

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Long-term borrowings (including current portion of long-term borrowings)	262	501

*3. Investments in unconsolidated subsidiaries and affiliates are as follows.

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Investment securities (stocks)	1,932	1,862
(Investment amount in jointly controlled entities)	(334)	(386)

*4. The assets deposited pursuant to the Act on Financial Settlements are as follows.

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Guarantee deposits	50	50

*5. Current account overdraft and commitment line agreements

Previous Fiscal Year (As of March 31, 2023)

The Group has executed an overdraft agreement with 13 correspondent banks for the purpose of efficient procurement of operating capital. Unused credit balance related to the agreements is as follows.

	(Million yen)
Total loan limits	26,335
Amount executed as loans	5,000
Difference	21,335

Current Fiscal Year (As of March 31, 2024)

The Group has executed an overdraft agreement with 17 correspondent banks for the purpose of efficient procurement of operating capital. Unused credit balance related to the agreements is as follows.

	(Million yen)
Total loan limits	26,609
Amount executed as loans	1,024
Difference	25,585

(Matters related to consolidated statements of income)

*1. Revenue from contracts with customers

The Group does not present revenue from contracts with customers and other revenue separately. The amount of revenue from contracts with customers is presented in “(1) Consolidated Financial Statements, Notes on Consolidated Financial Statements, (Matters related to revenue recognition), 1. Breakdown of revenue from contracts with customers”.

*2. Major components of selling, general and administrative expenses are as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Payroll and allowances	35,598	49,163
Other salaries	129,263	149,992
Provision for bonuses	3,014	7,046
Retirement benefit expenses	588	679
Rent expenses on land and buildings	53,170	59,535

*3. The total amount of research and development expenses included in general and administrative expenses is as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Research and Development Expenses	556	682

*4. The breakdown of gains on sales of non-current assets is as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Buildings and structures	2	0
Machinery, equipment and vehicles	2	27
Land	—	6
Other	13	29
計	18	64

*5. Gain on termination of retirement benefit plan.

Previous Fiscal Year (From April 1, 2022 to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023 to March 31, 2024)

The gains arising the transfer from a defined benefit pension plan to a defined contribution pension plan in certain consolidated subsidiaries effective April 1, 2023, have been recorded as “Gain on termination of retirement benefit plan” under “Extraordinary income”.

*6. The breakdown of losses on retirement of non-current assets are as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Buildings and structures	1,365	1,172
Machinery, equipment and vehicles	242	143
Other	536	140
Removal cost	558	433
計	2,702	1,890

*7. Impairment losses

The Group recognized impairment loss on the following asset groups.

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)			
Use	Type of assets	Location	Amount
Directly-managed restaurants and stores	Buildings and structures, etc.	Japan (Tokyo, etc.)	1,122
		Overseas (Shanghai, etc.)	381
Total			1,503

The Group classifies its assets primarily by directly-managed restaurant, store and rental property. Headquarter offices, production facilities and training facilities are classified as assets for common use. Of the above asset groups, for those whose operating profit/loss was deteriorated or whose fair value decreased significantly, the Group marked down the book value of assets to the recoverable amount and recorded an impairment loss of 1,503 million yen (1,011million yen for buildings and structures, 492million yen for other assets).

The value in use is mainly used as the recoverable amount, but the value in use of directly-managed restaurant and store is determined to be as zero since the future cash flows cannot be expected.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)			
Use	Type of assets	Location	Amount
Directly-managed restaurants and stores	Buildings and structures, etc.	Japan (Tokyo, etc.)	874
		Overseas (Shanghai, etc.)	476
Total			1,350

The Group classifies its assets primarily by directly-managed restaurant, store and rental property. Headquarter offices, production facilities and training facilities are classified as assets for common use. Of the above asset groups, for those whose operating profit/loss was deteriorated or whose fair value decreased significantly, the Group marked down the book value of assets to the recoverable amount and recorded an impairment loss of 1,350 million yen (817million yen for buildings and structures, 533 million yen for other assets).

The fair value less cost to sell or the value in use is mainly used as the recoverable amount. The fair value less cost to sell is mainly based on the roadside land price or the assessed value for property tax with reasonable adjustments, while the value in use of directly-managed restaurant and store is mainly determined to be as zero since the future cash flows cannot be expected.

(Matters related to consolidated statements of comprehensive income)

*1. Amount for reclassification adjustment on other comprehensive income, income taxes and tax effect

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Valuation difference on available-for-sale securities:		
Gain (Loss) in the current period	21	96
Reclassification adjustment	—	—
Before income tax and tax effect adjustment	21	96
Income taxes and tax effect	(7)	(13)
Valuation difference on available-for-sale securities	14	83
Deferred gains or losses on hedges:		
Gain (Loss) in the current period	(1,665)	266
Reclassification adjustment	(1,033)	1,629
Before income tax and tax effect adjustment	(2,699)	1,895
Income taxes and tax effect	933	(655)
Deferred gains or losses on hedges	(1,766)	1,240
Remeasurements of defined benefit plans:		
Gain (Loss) in the current period	49	—
Reclassification adjustment	11	(93)
Before income tax and tax effect adjustment	60	(93)
Income taxes and tax effect	(21)	34
Remeasurements of defined benefit plans	39	(58)
Foreign currency translation adjustment:		
Gain (Loss) in the current period	6,587	8,142
Reclassification adjustment	—	—
Before income tax and tax effect adjustment	6,587	8,142
Income taxes and tax effect	—	644
Foreign currency translation adjustment	6,587	8,787
Share of other comprehensive income of entities accounted for using equity method:		
Gain (Loss) in the current period	27	45
Total other comprehensive income	4,902	10,097

(Matters related to consolidated statements of changes in shareholders' equity)

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

1. Class and number of issued shares and treasury shares

(Thousand shares)

	Shares at the beginning of the fiscal year	Increase in shares during the fiscal year	Decrease in shares during the fiscal year	Shares at the end of the fiscal year
Issued shares				
Common share	154,862	—	—	154,862
Total	154,862	—	—	154,862
Treasury shares				
Common share (Notes 1,2 and 3)	2,740	298	0	3,039
Total	2,740	298	0	3,039

Notes: 1. The increase of 298 thousand treasury shares in common share due to the purchase of 6 thousand shares less than one unit and the purchase of 292 thousand shares for Board Benefit Trust (BBT) by Custody Bank of Japan, Ltd. (Trust E Account).

2. The decrease of 0 thousand treasury shares in common share due to the sale of 0 thousand shares less than one unit.

3. "Number of shares at the end of the fiscal year" includes 292 thousand treasury shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

2. Matters related to share acquisition rights and treasury share acquisition rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of share	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
The Ordinary General Meeting of Shareholders held on June 24, 2022	Common share	1,673	11.0	March 31, 2022	June 27, 2022
The Board of Directors Meeting held on November 11, 2022	Common share	1,825	12.0	September 30, 2022	December 6, 2022

Note: "Total amount of dividends" of "The Board of Directors Meeting held on November 11, 2022" includes the dividends of 3 million yen for the shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

(2) Dividends with a record date during the current fiscal year, but with an effective date subsequent to the next fiscal year are as follows.

Resolution	Class of share	Total amount of dividends (Million yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
The Ordinary General Meeting of Shareholders held on June 23, 2023	Common share	1,825	Retained earnings	12.0	March 31, 2023	June 26, 2023

Note: "Total amount of dividends" includes the dividends of 3 million yen for the shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

1. Class and number of issued shares and treasury shares

	Shares at the beginning of the fiscal year	Increase in shares during the fiscal year	Decrease in shares during the fiscal year	(Thousand shares) Shares at the end of the fiscal year
Issued shares				
Common share (Notes 1)	154,862	5,870	—	160,733
Class A preferred share (Notes 2)	—	0	—	0
Total	154,862	5,870	—	160,733
Treasury shares				
Common share (Notes 3,4 and5)	3,039	1,030	0	4,068
Total	3,039	1,030	0	4,068

Notes: 1. The increase of 5,870 thousand issued shares in common share due to the primary offering of 5,218 thousand shares and the third-party share issuance (secondary offering) of 652 thousand shares.

2. The increase of 0 thousand issued shares in Class A preferred share due to the third-party share issuance.

3. The increase of 1,030 thousand treasury shares in common share due to the purchase of 1,027 thousand shares by the resolution of the Board of Directors and the purchase of 2 thousand shares less than one unit.

4. The decrease of 0 thousand treasury shares in common share due to sale of 0 thousand shares less than one unit.

5. “Number of shares at the beginning of the fiscal year” includes 292 thousand treasury shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT) and does 291 thousand “Number of shares at the end of the fiscal year”.

2. Matters related to share acquisition rights and treasury share acquisition rights

Not applicable.

3. Matters related to dividends

(1) Dividends paid

Resolution	Class of share	Total amount of dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
The Ordinary General Meeting of Shareholders held on June 23, 2023	Common share	1,825	12.0	March 31, 2023	June 26, 2023
The Board of Directors Meeting held on November 10, 2023	Class A preferred share	8	29,589.04	September 30, 2023	December 5, 2023
The Board of Directors Meeting held on November 10, 2023	Common share	3,777	25.0	September 30, 2023	December 5, 2023

Notes: 1. “Total amount of dividends” of “The Ordinary General Meeting of Shareholders held on June 23, 2023” includes the dividends of 3 million yen for the shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

2. “Total amount of dividends” of “The Board of Directors Meeting held on November 10, 2023” includes the dividends of 7 million yen for the shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

(2) Dividends with a record date during the current fiscal year, but with an effective date subsequent to the next fiscal year are as follows.

Resolution	Class of share	Total amount of dividends (Million yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
The Board of Directors Meeting held on May 14, 2024	Class A preferred share	812	Retained earnings	2,707,397.26	March 31, 2024	May 15, 2024
The Board of Directors Meeting held on May 14, 2024	Common share	3,923	Retained earnings	25.0	March 31, 2024	June 7, 2024

Note: “Total amount of dividends” includes the dividends of 7 million yen for the shares of common share held by Custody Bank of Japan, Ltd. (Trust E Account) as trust assets in Board Benefit Trust (BBT).

(Matters related to consolidated statements of cash flows)

- *1. Reconciliations between ending balance of cash and cash equivalents and amounts stated in the consolidated balance sheets are as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Cash and deposits	64,690	82,171
Cash and cash equivalents	64,690	82,171

- *2. Major assets and liabilities of the company that has newly become a consolidated subsidiary through the acquisition of shares.

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

- (i) The relationship between the details of assets and liabilities at the start of consolidation, the acquisition cost of the shares and the expenditure for the acquisition (net increase) associated with the new consolidation of Lotteria Co. Ltd., through the acquisition are as follows.

	(Million yen)
Current assets	3,853
Non-current assets	4,537
Current liabilities	2,249
Non-current liabilities	1,769
Goodwill	3,007
Acquisition cost of shares	7,380
Cash and cash equivalents	2,122
Expenditure for acquisition (net increase)	5,257

- (ii) The relationship between the details of assets and liabilities at the start of consolidation, the acquisition cost of the shares and the expenditure for the acquisition (net increase) associated with the new consolidation of Sushi Circle Gastronomie GmbH through the acquisition are as follows.

	(Million yen)
Current assets	1,167
Non-current assets	12,441
Current liabilities	1,324
Non-current liabilities	5,410
Goodwill	565
Acquisition cost of shares	7,439
Cash and cash equivalents	91
Expenditure for acquisition (net increase)	7,437

- (iii) The relationship between the details of assets and liabilities at the start of consolidation, the acquisition cost of the shares and the expenditure for the acquisition (net increase) associated with the new consolidation of the total of 26 companies including SnowFox Topco Limited through the acquisition are as follows.

	(Million yen)
Current assets	16,637
Non-current assets	170,343
Current liabilities	81,270
Non-current liabilities	57,602
Acquisition cost of shares	48,108
Cash and cash equivalents	2,519
Expenditure for acquisition (net increase)	45,589

3. Details of significant non-monetary transactions

The amount of assets and liabilities for finance lease transactions

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Amount of assets and liabilities for finance lease transactions	11,884	16,503

(Matters related to lease transactions)

1. Finance lease transactions (as a lessee)

Finance lease transactions that do not transfer ownership

(1) Details of leased assets

Property, plant and equipment

Mainly sales equipment (including “buildings and structures” and “tools, furniture and fixtures”) used in food business

(2) Depreciation and amortization of the lease assets

Depreciation and amortization of the lease assets is described in “Notes on Consolidated Financial Statements, (Significant matters that form the basis for preparation of consolidated financial statements), 4. Matters related to accounting policies, (2) Method of depreciation and amortization of significant assets.”

2. Operating lease transactions

Future lease payments under non-cancelable operating leases

(Million yen)

	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Future lease payments		
Within one year	198	29
Over one year	232	203
Total	430	233

(Matters related to financial instruments)

1. Status of financial instruments

(1) Policy on financial instruments

The Group procures necessary funds (mainly by bank loans and bond issuance) in light of the capital investment plan. The Group invests temporary surplus funds mainly in financial instruments with high liquidity and procures short-term working capital with bank loans. Derivatives are used to avoid the risks described below and the Group makes it a policy not to engage in speculative transactions.

(2) Description of financial instruments and related risks

Accounts receivable which are operating receivables are exposed to the credit risk of the business partners.

Securities are compound financial instruments (exchangeable bonds) with embedded derivatives and are exposed to credit risk and market price fluctuation risk.

Investment securities are mainly stocks of companies with which the Group has a business relationship and listed stocks are exposed to the market price fluctuation risks.

Net investments in foreign subsidiaries are exposed to exchange rate fluctuation risks and some of them are hedged by forward exchange contracts.

Prepaid rent and long-term prepaid rent are construction assistance funds, which are collected by offsetting the rent paid, and those are exposed to the credit risk of the owner of the restaurant and store property. In addition, guarantee deposits are exposed to the credit risk of the owner of the restaurant and store property.

Most of the accounts payable which are operating payables are due within one month. Those denominated in foreign currencies are exposed to exchange rate fluctuation risks and are hedged by forward exchange contracts.

Bonds payable and borrowings are mainly for the purpose of procurement of funds related to capital investment. Repayment due dates for these liabilities are not longer than 35 years from the settlement dates. Some of the liabilities are exposed to interest rate fluctuation risk and are hedged by interest swap transactions.

Lease liabilities related to finance lease transactions are to procure funds related to capital investments and are based on fixed interest rates.

Derivative transactions involve forward exchange contract transactions to hedge exchange rate fluctuation risks related to the net investments in foreign subsidiaries and the foreign currency-denominated operating receivables and payables, and interest rate swap transactions to hedge interest rate fluctuations risks related to interest payments of borrowings. Information on hedging instruments, hedged items, hedging policy and method for evaluating hedging effectiveness, etc. relating to hedge accounting is stated in “Notes on Consolidated Financial Statements, (Significant matters that form the basis for preparation of consolidated financial statements), 4. Matters related to accounting policies, (8) Significant hedge accounting method “.

(3) Risk management system

(a) Credit risk management (Risks related to breach of contract of business partners)

The Group manages the due dates and balances of accounts receivable for each business partner.

For securities, the Group recognizes that there is almost no credit risk because its issuers are limited to financial institutions with high creditworthiness.

For construction assistance funds and guarantee deposits, the Group regularly monitors the situation of the business partner and aims to reduce the risk by early identifying any deterioration of the financial situation.

Regarding derivative transactions, the Group recognizes that there is almost no credit risk because the Group limit its trading partners to financial institutions with high credit ratings.

(b) Market risk management (fluctuation risks of foreign exchange rates and interest rates, etc.)

For the net investments in foreign subsidiaries and the foreign currency-denominated operating receivables and payables, the Group regularly monitors to identify risks in foreign exchange rate fluctuation for each currency and hedges them by using forward exchange contracts in principle.

The Group uses interest rate swap transactions to reduce the risk of fluctuations in interest payments related to borrowings.

For securities, the Group periodically monitors market prices of the securities and the fair value information provided by correspondent financial institutions.

For investment securities, the Group regularly checks the market price and the financial status of issuers, etc., and

continuously reviews the holding status in consideration of the relationship with the business partners.

For the execution and management of derivative transactions, the department in charge obtains the approval of the authorized personnel in accordance with the management rules that stipulate transaction authority and limits, etc. Monthly transaction results are reported to the Director in charge.

(c) Liquidity risk related to financing (Risk of being unable to make payments on the due date)

The Group manages liquidity risk by preparing cash flow plans on a timely basis and maintaining liquidity on hand, etc.

(4) Supplemental explanation on the fair value of financial instruments, etc.

As several variable factors are included in calculating the fair value, the resulting amount may vary depending on the adopted different preconditions. Contract amounts regarding derivative transactions in “Notes on Consolidated Financial Statements, (Matters related to derivative transactions)” are not necessarily indicative of the market risk related to derivative transactions.

2. Fair value of financial instruments, etc.

Book values in consolidated balance sheets, fair values and the difference of these are as follows.

(Million yen)

	Previous Fiscal Year (As of March 31, 2023)			Current Fiscal Year (As of March 31, 2024)		
	Consolidated balance sheets amounts	Fair value	Difference	Consolidated balance sheets amounts	Fair value	Difference
(1) Accounts receivable - trade	28,747	28,747	—	46,727	46,727	—
(2) Securities	—	—	—	19,907	19,907	—
(3) Investment securities (*2)	65	65	—	131	131	—
(4) Guarantee Deposits	33,845	33,182	(663)	38,074	37,521	(522)
(5) Prepaid rent and long-term prepaid rent	16,021	15,604	(416)	14,784	13,634	(1,149)
Total assets	78,679	77,599	(1,079)	119,625	117,922	(1,702)
(1) Accounts payable – trade	29,319	29,319	—	43,148	43,148	—
(2) Short-term borrowings	7,600	7,600	—	7,542	7,542	—
(3) Bonds payable (including current portion)	25,000	24,814	(185)	25,000	24,652	(347)
(4) Long-term borrowings (including current portion)	184,597	182,656	(1,941)	251,104	248,778	(2,326)
(5) Lease liabilities (including current portion)	35,680	35,472	(207)	56,342	56,015	(326)
Total liabilities	282,196	279,863	(2,333)	383,138	380,137	(3,000)
Derivative transactions (*3)	(1,653)	(1,653)	—	241	241	—

*1 Cash is omitted and deposits are omitted because deposits are settled within a short period of time and its fair value is almost equal to the book value.

*2 Shares with no market price, etc. are not included in “Investment securities” (consolidated balance sheets amount: 2,103 million yen at the previous fiscal year-end, 2,030 million yen at the current fiscal year-end).

*3 Net receivables and payables which are derived from derivative transactions are presented in net amounts.

Note1. Redemption schedule for monetary receivables after the consolidated closing date

Previous Fiscal Year (As of March 31, 2023)

(Million yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	64,690	—	—	—
Accounts receivable - trade	28,747	—	—	—
Guarantee deposits	3,346	13,776	6,568	10,153
Prepaid rent and long-term prepaid rent	2,120	6,273	4,753	2,873
Total	98,904	20,050	11,322	13,027

Current Fiscal Year (As of March 31, 2024)

(Million yen)

	Due within one year	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	82,171	—	—	—
Accounts receivable - trade	46,727	—	—	—
Securities	20,000	—	—	—
Available-for-sale securities with maturity dates	5,886	13,379	7,268	11,539
Guarantee deposits	5,886	5,963	4,123	2,917
Prepaid rent and long-term prepaid rent	5,886	5,963	4,123	2,917
Total	156,564	19,342	11,392	14,456

Note2. Redemption and repayment schedule for bonds, long-term borrowings and lease liabilities after the consolidated closing date
Previous Fiscal Year (As of March 31, 2023)

(Million yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds payable	—	10,000	—	5,000	10,000	—
Long-term borrowings	16,163	18,073	18,842	9,983	20,437	101,097
Lease liabilities	9,542	7,088	5,387	3,330	1,690	8,640
Total	25,705	35,162	24,230	18,313	32,127	109,737

Current Fiscal Year (As of March 31, 2024)

(Million yen)

	Due within one year	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years	Due after five years
Bonds payable	10,000	—	5,000	10,000	—	—
Long-term borrowings	26,735	37,823	18,871	35,290	74,050	58,333
Lease liabilities	13,619	20,504	6,045	3,886	2,278	10,007
Total	50,354	58,328	29,917	49,177	76,329	68,340

3. Matters related to breakdown of financial instruments by fair value level, etc.

The fair value of financial instruments is classified into the following three levels according to the observability and importance of the input used in the measurement of the fair value.

Level 1: Fair value measured by quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Fair value measured by using directly or indirectly observable inputs other than Level 1 inputs.

Level 3: Fair value measured by using important unobservable inputs.

If multiple inputs that have a significant impact on fair value calculations are used, the fair value is classified into the lowest priority level in the calculation of fair value among the level each of these inputs belongs to.

(1) Financial instruments recorded at fair value in the consolidated balance sheets

(Million yen)

	Previous Fiscal Year (As of March 31, 2023)				Current Fiscal Year (As of March 31, 2024)			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
(1) securities								
Available-for-sale securities								
Bonds	—	—	—	—	—	19,907	—	19,907
(2) investment securities								
Available-for-sale securities								
Shares	65	—	—	65	131	—	—	131
(3) Derivative transactions								
Currencies Related	—	—	—	—	—	241	—	241
Interest rate Related	—	—	—	—	—	0	—	0
Total Assets	65	—	—	65	131	20,149	—	20,280
(1) Derivative transactions								
Currencies Related	—	1,653	—	1,653	—	—	—	—
Interest rate Related	—	0	—	0	—	—	—	—
Total Liabilities	—	1,654	—	1,654	—	—	—	—

(2) Financial instruments other than those recorded at fair value in the consolidated balance sheets

(Million yen)

	Previous Fiscal Year (As of March 31, 2023)				Current Fiscal Year (As of March 31, 2024)			
	Fair value				Fair value			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
(1) Accounts receivable - trade	—	28,747	—	28,747	—	46,727	—	46,727
(2) Guarantee deposits	—	15,604	—	15,604	—	13,634	—	13,634
(3) Prepaid rent and long-term prepaid rent	—	33,182	—	33,182	—	37,521	—	37,521
Total Assets	—	77,534	—	77,534	—	97,883	—	97,883
(1) Accounts payable - trade	—	29,319	—	29,319	—	43,148	—	43,148
(2) Short-term borrowings	—	7,600	—	7,600	—	7,542	—	7,542
(3) Bonds payable	—	24,814	—	24,814	—	24,652	—	24,652
(4) Long-term borrowings	—	182,656	—	182,656	—	248,778	—	248,778
(5) Lease liabilities	—	35,472	—	35,472	—	56,015	—	56,015
Total Liabilities	—	279,863	—	279,863	—	380,137	—	380,137

Note: Calculation method of the fair value and matters relating to inputs used in the calculation

Assets

(1) Accounts receivable – trade

Since this asset is settled in a short period and its fair value approximates its book value, the fair value is based on the book value and classified in Level 2.

(2) Securities

The calculation of the fair value of bonds is based on the prices provided by correspondent financial institutions. Since the bonds are not traded in active markets, the fair value is classified in Level 2. For matters regarding securities by purpose of holding, refer to “Notes on Consolidated Financial Statements, (Matters related to securities).”

(3) Investment securities

The calculation of the fair value of listed share is based on the market prices. Since the listed share is traded at active stock exchange, the fair value is classified in Level 1. For matters regarding securities by purpose of holding, refer to “Notes on Consolidated Financial Statements, (Matters related to securities).”

(4) Prepaid rent and long-term prepaid rent

The calculation of the fair value of this asset is based on the present value of the sum of the future cash flow discounted by the yield of government bonds closest to the fiscal year-end, and is classified in Level 2.

(5) Guarantee deposits

The calculation of the fair value of this asset is based on the present value of the sum of principal and interest (including interest-free) discounted by the yield of government bonds closest to the fiscal year-end, and is classified in Level 2.

Liabilities

(1) Accounts payable - trade and (2) Short-term borrowings

Since this liability is settled in a short period and its fair value approximates its book value, the fair value is based on the book value and classified in Level 2.

(3) Bonds and (4) Long-term borrowings

The fair value is calculated by discounting the sum of principal and interest with the interest rate which is taken into account the remaining term of the debt and credit risk , and is classified in Level 2.

(5) Lease liabilities

The fair value is calculated by discounting the sum of principal and interest with the interest rate which is assumed reasonably to be applied in similar new lease transactions, and is classified in Level 2.

Derivative transactions

The fair value of interest rate swaps and forward exchange contract is based on the price, etc. provided by correspondent financial institutions, and is classified in Level 2. The fair value of interest rate swap under exceptional accounting is included in that of long-term borrowings designated as the hedged item, because that interest rate swaps is treated together with long-term borrowing that is subject to hedging.

(Matters related to securities)

1. Available-for-sale securities

(Million yen)

	Type	Previous Fiscal Year (As of March 31, 2023)			Current Fiscal Year (As of March 31, 2024)		
		Consolidated balance sheet amount	Acquisition cost	Difference	Consolidated balance sheet amount	Acquisition cost	Difference
Securities whose book value is exceeding acquisition cost	Shares	0	0	0	131	93	38
	Bonds	—	—	—	8,043	8,000	43
Securities whose book value is not exceeding acquisition cost	Shares	64	123	(58)	—	—	—
	Bonds	—	—	—	11,864	12,000	(136)
Total		65	123	(58)	20,039	20,093	(54)

Note: Shares with no market price, etc. are not included in the table above (consolidated balance sheets amount: 170 million yen at the previous fiscal year-end, 168 million yen at the current fiscal year-end).

2. Available-for-sale securities sold

Previous Fiscal Year (As of March 31, 2023)

Not applicable.

Current Fiscal Year (As of March 31, 2024)

Not applicable.

3. Securities for which impairment losses are recorded

Previous Fiscal Year (As of March 31, 2023)

Not applicable.

Current Fiscal Year (As of March 31, 2024)

Not applicable.

(Matters related to derivative transactions)

1. Derivative transactions for which hedge accounting is not adopted

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

Not applicable.

For compound financial instruments for which the fair value of embedded derivatives cannot be measured separately, the entire compound financial instrument is measured at fair value and described in “Notes on Consolidated Financial Statements, (Matters related to securities) 1. Available-for-sale securities.”

2. Derivative transactions for which hedge accounting is adopted

(1) Currency related

(Million yen)

Method of hedge accounting	Type of transactions	Major hedged items	Previous Fiscal Year (As of March 31, 2023)			Current Fiscal Year (As of March 31, 2024)		
			Contract amounts	Contract amounts due after one year	Fair value	Contract amounts	Contract amounts due after one year	Fair value
Principle method	Forward foreign exchange contracts							
	Buy:							
	U.S. dollar	Accounts payable -trade	6,914	—	(1,667)	19,656	—	223
	Chinese yuan	Accounts payable -trade	173	—	1	231	—	1
	Euro	Accounts payable -trade	554	—	13	1,050	—	31
	Thai baht	Accounts payable -trade	1,071	—	(0)	—	—	—
	New Zealand dollar	Accounts payable -trade	91	—	0	108	—	0
	Sell:							
	U.S. dollar	Accounts receivable -trade	331	—	(0)	2,731	—	(15)
	Euro	Accounts receivable -trade	14	—	(0)	16	—	0
Total			9,151	—	(1,653)	23,796	—	241

(2) Interest rate related

(Million yen)

Method of hedge accounting	Type of transactions	Major hedged items	Previous Fiscal Year (As of March 31, 2023)			Current Fiscal Year (As of March 31, 2024)		
			Contract amounts	Contract amounts due after one year	Fair value	Contract amounts	Contract amounts due after one year	Fair value
Principle method	Interest rate swap transaction Pay/fixed and receive/floating	Long-term borrowings	698	375	0	536	281	0

(Matters related to retirement benefits)

1. Outline of retirement benefit plans

The Company and certain consolidated subsidiaries mainly adopt defined contribution pension plans to provide for employee retirement benefits, and certain consolidated subsidiaries adopt defined benefit pension plans and lump-sum retirement allowance plans.

The Company will pay the retirement allowance corresponding to the working period until the termination of a qualified retirement pension plan and a lump-sum retirement allowance plan (Mar. 2007), at the time of future retirement based on the old regulations.

Certain consolidated subsidiaries transferred from a defined benefit pension plan to a defined contribution pension plan effective April 1, 2023.

2. Defined retirement benefit plans

(1) Reconciliation of balance of retirement benefit obligation at the beginning and the end of the fiscal year (excluding the simplified method)

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Retirement benefit obligation at the beginning of fiscal year	(642)	(619)
Service cost	(38)	—
Interest expense	(4)	—
Actuarial difference incurred during the fiscal year	60	—
Payment of retirement benefits	3	—
Reduction due to transition	—	619
Other	0	—
Retirement benefit obligation at the end of fiscal year	(619)	—

(2) Reconciliation of balance of pension assets at the beginning and the end of the fiscal year (excluding the simplified method)

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Retirement pension assets at the beginning of fiscal year	336	349
Expected return on plan assets	5	—
Actuarial difference incurred during the fiscal year	(11)	—
Employer contribution	21	—
Payment of retirement benefits	(2)	—
Reduction due to transition	—	(349)
Retirement pension assets at the end of fiscal year	349	—

(3) Reconciliation of balance of retirement benefit liability at the beginning and the end of the fiscal year, regarding the benefit plans adopted the simplified method

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Retirement benefit liability at the beginning of fiscal year	(401)	(411)
Retirement benefit expenses	(39)	(29)
Payment of retirement benefits	29	8
Reduction due to transition	—	157
Retirement benefit liability at the end of fiscal year	(411)	(274)

- (4) Reconciliation of balance of retirement benefit obligation and pension assets at the end of the fiscal year, retirement benefit liability and asset recorded on the consolidated balance sheets

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Retirement benefit obligation for funded plans	(619)	—
Pension assets	349	—
	(269)	—
Retirement benefit obligation for unfunded plans	(411)	(274)
Retirement benefit liability and asset recorded on consolidated balance sheets, net	(681)	(274)
Retirement benefit liability	(681)	(274)
Retirement benefit liability and asset recorded on consolidated balance sheets, net	(681)	(274)

Note: Including the plans adopted the simplified method.

- (5) Retirement benefit expenses and detailed breakdown

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Service cost	38	—
Interest expense	4	—
Expected return on plan assets	(5)	—
Amortization of actuarial differences for the fiscal year	11	—
Retirement benefit liability calculated by the simplified method	39	29
Retirement benefit expenses related to defined benefit plan	88	29
Profit and loss due to the transition	—	179

- (6) Remeasurements of defined benefit plans

A breakdown of items (before income tax and tax effect deduction) recorded as remeasurements of defined benefit plans is as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Actuarial difference	60	(93)
Total	60	(93)

Note: The amount of actuarial difference in the current fiscal year is reclassification adjustment about the transition of defined pension plans.

- (7) Accumulated remeasurements of defined benefit plans

A breakdown of items (before income tax and tax effect deduction) recorded as accumulated remeasurements of defined benefit plans is as follows.

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Unrecognized actuarial difference	93	—
Total	93	—

- (8) Pension assets

The main categories by percentage of total pension assets are as follows.

	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Regular accounts of life insurance	27%	—
Securities	31	—
Bonds	34	—
Other	8	—
Total	100	—

(9) Method for setting long-term expected rate of return

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

In order to determine the long-term expected rate of return on pension assets, the current and projected allocation of pension assets and the current and future long-term expected rates of return for the diverse assets which comprise pension assets are considered.

Current Fiscal Year (As of March 31, 2024)

Not applicable.

(10) Basic items for calculating actuarial differences

Basics for calculating principal actuarial differences (presented as weighted average rates)

	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Discount rate	0.7%	—
Long-term expected rate of return on pension assets	1.5	—

3. Defined contribution pension plan

Required paid amount for the defined contribution pension plans of the Company and certain consolidated subsidiaries are 339 million yen for the previous fiscal year, and 650 million yen for the current fiscal year.

(Matters related to tax effect accounting)

1. Major breakdown for cause of occurrence of deferred tax assets and liabilities

	(Million yen)	
	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Deferred tax assets:		
Provision for bonuses	968	1,316
Retirement benefit liability	288	227
Accrued enterprise tax	447	1,174
Denial of undetermined liabilities	319	395
Excess over depreciation limit	2,625	4,018
Impairment loss	312	323
Asset retirement obligations	1,367	1,931
Tax loss carryforwards (Note 2)	13,363	16,650
Deferred losses on hedges	579	25
Other	2,941	4,877
Subtotal deferred tax assets	23,213	30,940
Valuation allowance for tax loss carryforwards (Note 2)	(10,830)	(13,528)
Valuation allowance for the sum of deductible temporary difference, etc. (Note 2)	(2,438)	(5,428)
Subtotal Valuation allowance (Note 1)	(13,269)	(18,957)
Total deferred tax assets	9,944	11,983
Deferred tax liabilities		
Trade mark right	(12,721)	(55,787)
Expenses corresponding to asset retirement obligations	(362)	(424)
Valuation difference on non-current assets	(759)	(830)
Deferred gains on hedges	(5)	(108)
Other	(1,344)	(2,011)
Total deferred tax liabilities	(15,192)	(59,162)
Deferred tax liabilities, net	(5,248)	(47,179)

Notes: 1. Valuation allowance increased by 5,687 million yen. This increase mainly resulted from the additional recognition of the valuation allowance for tax loss carryforwards due to the increase of new consolidated subsidiaries (4,560 million yen).

2. Breakdown of tax loss carryforwards and deferred tax assets by carry-over period is as follows.

Previous Fiscal Year (As of March 31, 2023)

	(Million yen)						
	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (a)	480	1,203	649	837	585	9,607	13,363
Valuation allowance	(457)	(959)	(567)	(671)	(462)	(7,711)	(10,830)
Deferred tax assets	23	243	81	166	122	1,895	(b) 2,532

(a) The tax loss carryforwards are the losses amount multiplied by the statutory effective tax rate.

(b) For the tax loss carryforwards of 13,363 million yen (the amount multiplied by the statutory effective tax rate), the deferred tax assets of 2,532 million yen are recorded. The Group does not recognize the valuation allowance because the Group believes they can be recovered based on the prospect of future taxable income.

Current Fiscal Year (As of March 31, 2024)

(Million yen)

	Within one year	After one year through two years	After two years through three years	After three years through four years	After four years through five years	After five years	Total
Tax loss carryforwards (a)	1,146	890	834	312	1,174	12,292	16,650
Valuation allowance	(1,103)	(859)	(768)	(182)	(1,058)	(9,556)	(13,528)
Deferred tax assets	42	30	66	130	116	2,735	(b) 3,121

(a) The tax loss carryforwards are the losses amount multiplied by the statutory effective tax rate.

(b) For the tax loss carryforwards of 16,650 million yen (the amount multiplied by the statutory effective tax rate), deferred tax assets of 3,121 million yen are recorded. The Group does not recognize the valuation allowance because the Group believes they can be recovered based on the prospect of future taxable income.

2. Reconciliations between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting, when there is a significant difference between them

	Previous Fiscal Year (As of March 31, 2023)	Current Fiscal Year (As of March 31, 2024)
Statutory effective tax rate (Reconciliations)	30.6%	30.6%
Expenses not deductible permanently such as entertainment expenses	1.3	2.1
Corporate inhabitant tax on per capita basis	0.9	0.6
Amortization and impairment of goodwill	1.9	1.1
Expired tax loss carryforward	2.1	1.2
Changes in valuation allowance	6.9	1.4
Difference in tax rates of consolidated subsidiaries	2.8	2.8
Tax credit	(3.4)	(3.3)
Other	0.4	(1.1)
Actual effective tax rate after application of tax effect accounting	43.5	35.4

3. Accounting treatment of corporate tax, local corporate tax and tax effect accounting for these

The Company and certain domestic consolidated subsidiaries have adopted group tax sharing system. The Company and certain domestic consolidated subsidiaries account and disclose corporate tax, local corporate tax and tax effect accounting subject to “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

4. Adjustments to the amount of deferred tax assets and liabilities due to changes in the income tax rate

Following the revision of the Tax Act in Japan, a part of deferred tax assets and liabilities relating to temporary differences expected to be eliminated in the following fiscal year or later are calculated using the revised effective statutory tax rate. This has few effects on the consolidated financial statements.

(Matters related to business combination, etc.)

<Business combination through acquisition (Lotteria Co., Ltd.)>

Zensho Fast Holdings, Co., Ltd., a wholly owned subsidiary of the Company concluded a share transfer agreement with Lotte Holdings Co., Ltd. at the Board of Directors meeting held on February 16, 2023, to acquire all the shares of Lotteria Co., Ltd., and acquired them on April 1, 2023.

1. Details of the Business combination

(1) Name and major business of the acquired company

Name of the acquired company	Major business
Lotteria Co., Ltd.	Manufacture and sale of food products, operation of restaurants and grocery stores, and food service business through franchise system

(2) Main reason for the business combination

Based on the corporate philosophy of “responsible for the stability and development of human society” and “Eradicating hunger and poverty from the world,” the Group has developed a wide range of food businesses in Japan and overseas while building a mass merchandising system.

Lotteria Co., Ltd. is one of the Japanese leading fast food chain restaurants with 358 restaurants nationwide (as of January 1, 2023) and offering high quality products and services. The Group decided this acquisition, expecting that business of Lotteria Co., Ltd could be further expanded by creating synergy effects with the Group in the areas of food procurement, logistics, restaurant operation, etc.

(3) Date of the business combination

April 1, 2023

(4) Legal form of the business combination

Acquisition of shares with cash consideration

(5) The acquired company's name after the business combination

Not changed

(6) Percentage of voting rights acquired

Percentage of voting rights held just before the business combination	:	- %
Percentage of voting rights acquired on the date of business combination	:	100.0%
Percentage of voting rights after acquisition	:	100.0%

(7) Main basis for determining the acquiring company

Cash acquisition of shares of the Company

2. Period of the results of the acquired company included in the consolidated financial statements

From April 1, 2023, to March 31, 2024

3. Acquisition cost of acquired company and breakdown by type of consideration

Consideration of acquisition	Cash	7,439	Million yen
Acquisition cost		7,439	

4. Details and amounts of main acquisition-related costs

Remuneration, commissions and other fees for advisors: 82 million yen

5. Amount, reason for recognition, and method and period of amortization of goodwill

(1) Amount of goodwill

3,007 million yen.

(2) Reason for recognition

Goodwill has arisen from the excess profitability expected from future business development.

(3) Method and period of amortization

Goodwill is amortized using the straight-line method over a period of effect.

6. Amounts and major breakdowns of received assets and assumed liabilities on the date of the business combination

Current assets	3,853	Million yen
Non-current assets	4,537	
Total assets	<u>8,390</u>	
Current liabilities	2,249	
Non-current liabilities	1,769	
Total liabilities	<u>4,018</u>	

<Business combination through acquisition (Sushi Circle Gastronomie GmbH)>

Zensho Europe Holdings B.V. a wholly owned subsidiary of the Company concluded a share transfer agreement at the Board of Directors meeting held on May 19, 2023, to acquire all the shares of Sushi Circle Gastronomie GmbH and acquired them on May 23, 2023.

1. Details of the Business combination

(1) Name and major business of the acquired company

Name of the acquired company	Major business
Sushi Circle Gastronomie GmbH	Management of take-out sushi stores and sushi restaurants

(2) Main reason for the business combination

Based on the corporate philosophy of “responsible for the stability and development of human society” and “Eradicating hunger and poverty from the world,” the Group develops a wide range of food businesses and is expanding globally with the mission of providing safe, delicious food at affordable prices to people around the world.

Sushi Circle Gastronomie GmbH operates 221 take-out sushi stores and 7 sushi restaurants in Germany (as of December 31, 2022). The Group decided this acquisition, expecting that business of Sushi Circle Gastronomie GmbH could be further expanded by creating synergy effects with the Group in the areas of food procurement, logistics, store operation, etc.

(3) Date of the business combination

May 23, 2023 (Deemed acquisition date June 30, 2023)

(4) Legal form of the business combination

Acquisition of shares with cash consideration

(5) The acquired company’s name after the business combination

Not changed

(6) Percentage of voting rights acquired

Percentage of voting rights held just before the business combination	:	- %
Percentage of voting rights acquired on the date of business combination	:	100.0%
Percentage of voting rights after acquisition	:	100.0%

(7) Main basis for determining the acquiring company

Cash acquisition of shares of the Company

2. Period of the results of the acquired company included in the consolidated financial statements

From July 1, 2023, to March 31, 2024

3. Acquisition cost of acquired company and breakdown by type of consideration

Consideration of acquisition	Cash	7,380	Million yen
Acquisition cost		7,380	

4. Details and amounts of main acquisition-related costs

Remuneration, commissions and other fees for advisors: 276 million yen

5. Amount, reason for recognition, and method and period of amortization of goodwill

(1) Amount of goodwill

565 million yen.

(2) Reason for recognition

Goodwill has arisen from the excess profitability expected from future business development.

(3) Method and period of amortization

Goodwill is amortized using the straight-line method over a period of effect.

6. Amounts and major breakdowns of received assets and assumed liabilities on the date of the business combination

Current assets	1,167	Million yen
Non-current assets	12,441	
Total assets	<u>13,608</u>	
Current liabilities	1,324	
Non-current liabilities	5,410	
Total liabilities	<u>6,734</u>	

Intangible asset recognized as a result of the purchase price allocation is trade mark right amounting to 7,903 million yen (52 million EUR) and not amortized because useful life cannot be determined.

7. Estimated amounts of effect on “Consolidated statements of income” and the method to calculate this effect., assuming the business combination had been completed at the beginning of the current fiscal year

Estimated amounts of effect are not stated as it is difficult to calculate them reasonably.

<Business combination through acquisition (SnowFox Topco Limited)>

ZENSHO INTERNATIONAL LIMITED a wholly owned subsidiary of the Company concluded a share transfer agreement at the Board of Directors meeting held on June 13, 2023, to acquire all the shares of SnowFox Topco Limited and acquired them on September 15, 2023.

1. Details of the Business combination

(1) Name and major business of the acquired company

Name of the acquired company	Major business
SnowFox Topco Limited	Holding company of operating companies engaged in take-out sushi stores, sushi manufacturing and wholesaling, mainly in North America and U.K.

* SnowFox Topco Limited is a holding company and has “Taiko Foods Limited,” “Bento Inc.,” “Bento Sushi Franchise Ltd.,” “YO! Sushi UK Limited,” “JFE Franchising Inc.,” “JK 959 Global, Inc.,” “Bento Nouveau Inc.,” “Bento Sushi Franchise Inc.,” and others under its umbrella.

(2) Main reason for the business combination

Based on the corporate philosophy of “responsible for the stability and development of human society” and “Eradicating hunger and poverty from the world,” the Group develops a wide range of food businesses and is expanding globally with the mission of providing safe, delicious food at affordable prices to people around the world.

SnowFox Topco Limited operates almost 3,000 take-out sushi stores, sushi manufacturing and wholesaling through its operating companies mainly in North America and U.K. The Group decided this acquisition, expecting that business of SnowFox Topco Limited could be further expanded by incorporating its network and by creating synergy effects with the Group in the areas of menu development, food procurement, logistics, store operation, store location development, etc.,

(3) Date of the business combination

September 15, 2023 (Deemed acquisition date September 30, 2023)

(4) Legal form of the business combination

Acquisition of shares with cash consideration

(5) The acquired company’s name after the business combination

Not changed

(6) Percentage of voting rights acquired

Percentage of voting rights held just before the business combination	:	- %
Percentage of voting rights acquired on the date of business combination	:	100.0%
Percentage of voting rights after acquisition	:	100.0%

(7) Main basis for determining the acquiring company

Cash acquisition of shares of the Company

2. Period of the results of the acquired company included in the consolidated financial statements

From October 1, 2023, to March 31, 2024

3. Acquisition cost of acquired company and breakdown by type of consideration

Consideration of acquisition	Cash	48,108	Million yen
Acquisition cost		48,108	

4. Details and amounts of main acquisition-related costs

Remuneration, commissions and other fees for advisors: 2,760 million yen

5. Amount, reason for recognition, and method and period of amortization of goodwill

Not applicable.

Goodwill was provisionally calculated in the second and third quarters, after then the provisional accounting was finalized at the end of the current fiscal year and goodwill decreased 89,561 million yen.

6. Amounts and major breakdowns of received assets and assumed liabilities on the date of the business combination

Current assets	16,637	Million yen
Non-current assets	170,343	
Total assets	186,981	
Current liabilities	81,270	
Non-current liabilities	57,602	
Total liabilities	138,872	

The above amounts are consolidated figures of SnowFox Topco Limited after purchase price allocation. Intangible asset recognized as a result of the purchase price allocation is trade mark right amounting to 135,379 million yen (741 million GBP) and not amortized because useful life cannot be determined.

7. Estimated amounts of effect on “Consolidated statements of income” and the method to calculate this effect., assuming the business combination had been completed at the beginning of the current fiscal year

Estimated amounts of effect are not stated as it is difficult to calculate them reasonably.

(Matters related to asset retirement obligations)

Asset retirement obligations recognized in the consolidated balance sheets

(1) Overview of asset retirement obligations

The Group's asset retirement obligations mainly consist of the cost of restoring restaurant and store sites to their original condition under the real estate lease contracts of restaurants and stores, etc.

(2) Method of calculation of asset retirement obligations

The Group calculated its asset retirement obligations by assuming the lease period as the period of real estate lease contracts (mainly from 15 to 20 years from the acquisition) and applying principally discount rates of mainly from 0.02% to 3.20%.

(3) Changes in the total amount of asset retirement obligations

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Beginning balance	4,286	4,411
Changes in scope of consolidation	—	2,085
Increase due to acquisition of property, plant and equipment	90	320
Adjustments due to passage of time	57	74
Decrease due to fulfillment of obligation	(45)	(147)
Other increase (decrease)	21	69
Ending balance	4,411	6,814

(Matters related to revenue recognition)

1. Breakdown of revenue from contracts with customers

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)

	Reporting segment							Other	Total
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total		
Goods and services transferred at a point in time	223,762	169,478	96,616	117,049	77,133	2,888	686,928	31,240	718,168
Goods and services transferred over a period of time	0	—	58,454	175	1,099	833	60,563	1,231	61,795
Revenue from contracts with customers	223,762	169,478	155,071	117,224	78,232	3,721	747,492	32,472	779,964
Other revenue	—	—	—	—	—	—	—	—	—
Sales to external customers	223,762	169,478	155,071	117,224	78,232	3,721	747,492	32,472	779,964

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)

	Reporting segment							Other	Total
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total		
Goods and services transferred at a point in time	265,341	197,057	170,206	140,545	77,351	3,481	853,984	34,498	888,482
Goods and services transferred over a period of time	—	0	73,554	204	1,078	975	75,813	1,481	77,295
Revenue from contracts with customers	265,341	197,058	243,761	140,750	78,429	4,456	929,798	35,979	965,778
Other revenue	—	—	—	—	—	—	—	—	—
Sales to external customers	265,341	197,058	243,761	140,750	78,429	4,456	929,798	35,979	965,778

Notes: The Company has changed its reporting segments from the current fiscal year. Details of them are described in “Notes on Consolidated Financial Statements, (Segment information, etc.)”. The breakdown of revenue from contracts with customers for the previous fiscal year is presented based on the reporting segments after this change.

2. Basic information for understanding revenue from contracts with customers

This information is stated in “Notes on Consolidated Financial Statements, (Significant matters that form the basis for preparation of consolidated financial statements), 4. Matters related to accounting policies, (6) Recognition standard for significant revenue and expenses”.

3. Relation between fulfillment of performance obligations under a contract with customers and cash flows arising from the contract, and information on amount and timing of revenue from contracts with existing customers at the current fiscal year-end, which is expected to be recognized in the following fiscal year onward.

(1) Balance of contract liabilities, etc.

(Million yen)		
	Previous Fiscal Year	Current Fiscal Year
Revenue from contracts with customers (beginning balance)	24,460	28,747
Revenue from contracts with customers (ending balance)	28,747	46,727
Contract liabilities (beginning balance)	643	732
Contract liabilities (ending balance)	732	860

Contract liabilities are primarily related to advances received and unearned revenue from customers and applied as the revenue is recognized, thus the balance decreases accordingly.

Of the revenue recognized in the previous fiscal year, the amount recognized from the opening contract liability balance was 643 million yen. In the previous fiscal year, there was no revenue from satisfied or partially satisfied performance obligations in the past period recognized due to changes in transaction prices, etc.

Of the revenue recognized in the current fiscal year, the amount recognized from the opening contract liability balance is 732 million yen. In the current fiscal year, there is no revenue from satisfied or partially satisfied performance obligations in the past period recognized due to changes in transaction prices, etc.

(2) Transaction price allocated to remaining performance obligation

In the Group, there is no major transaction with individual contract terms exceeding one year. There is no significant amount of consideration arising from contracts with customers that is not included in the transaction price. Transaction price allocated to remaining performance obligations and the period in which the revenue is expected to be recognized is as follows.

(Million yen)		
	Previous Fiscal Year	Current Fiscal Year
Within one year	732	860

(Segment Information, etc.)

<Segment information>

1. Overview of reporting segments

The Group's reporting segments are those for which financial information is available separately from their constituent units and are regularly reviewed by the Company's Board of Directors to determine management resource allocation and assessment of performance.

The Group operates food businesses in various fields, categorizes the following businesses as main reporting segments, designs and determines group strategies.

The businesses included in the reporting segments are as follows:

Reporting segments	Details of business
Global Sukiya	Develop business of Sukiya, a Gyudon chain, in Japan and overseas
Global Hamasushi	Develop business of Hamasushi, a sushi chain, in Japan and overseas
Global Fast Food	Develop various fast food business, including sushi takeout, in Japan and overseas
Restaurants	Develop restaurant business in Japan and overseas
Retail	Manage supermarkets, etc.
Corporate and Support	Support operations for each business category

The Company has changed its reporting segments from two categories of Restaurant business and Retail business to the six reporting segments of Global Sukiya, Global Hamasushi, Global Fast Food, Restaurants, Retail, and Corporate and Support, as a result of reviewing its business management categories and reporting structure to make them more suitable for the actual business operations.

The segment information for the previous fiscal year is presented based on the reporting segments after this change.

2. Methods for calculating segmental sales, profits or losses, assets, liabilities and other items

The accounting method for the reporting segments is generally the same as in “Notes on Consolidated Financial Statements, (Significant matters that form the basis for preparation of consolidated financial statements)”. The profit in each segment is based on operating profit.

The Group does not allocate assets and liabilities in reporting segments.

3. Information on net sales, profit or loss, and other items by reporting segment

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)

	Reporting segments							Other (Note1)	Total	Adjustment (Note2)	Amount on consoli- dated balance sheets (Note3)
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total				
Net Sales											
Sales to External Customers	223,762	169,478	155,071	117,224	78,232	3,721	747,492	32,472	779,964	—	779,964
Intersegment Sales or Transfers	311	59	18	330	473	308,580	309,774	9,212	318,986	(318,986)	—
Total	224,074	169,538	155,089	117,555	78,706	312,301	1,057,266	41,684	1,098,950	(318,986)	779,964
Segment Profit (Loss)	5,246	8,423	7,324	(448)	(2,294)	3,513	21,765	(157)	21,608	125	21,734
Other Items											
Depreciation	9,298	6,080	3,889	4,479	1,316	4,782	29,846	589	30,436	—	30,436

Notes: 1. The “Other” category is a business segment not included in the reporting segments, and includes the Manufacturing and wholesaling business for external sales, Nursing care business, and Livestock and aquaculture business.

2. Adjustment amounts are mainly elimination of intersegment transactions and inventory adjustments.

3. The total amount of segment profit or loss is adjusted with the operating profit in the consolidated statement of income.

4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)

	Reporting segments							Other (Note1)	Total	Adjustment (Note2)	Amount on consoli- dated balance sheets (Note3)
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total				
Net Sales											
Sales to External Customers	265,341	197,058	243,761	140,750	78,429	4,456	929,798	35,979	965,778	—	965,778
Intersegment Sales or Transfers	274	106	21	285	544	354,134	355,366	11,949	367,316	(367,316)	—
Total	265,616	197,164	243,783	141,035	78,974	358,591	1,285,165	47,929	1,333,094	(367,316)	965,778
Segment Profit (Loss)	18,507	11,417	13,969	7,418	(924)	3,948	54,336	(605)	53,731	(23)	53,707
Other Items											
Depreciation	9,822	7,021	5,214	4,956	1,265	5,341	33,622	815	34,437	—	34,437

Notes: 1. The “Other” category is a business segment not included in the reporting segments, and includes the Manufacturing and wholesaling business for external sales, Nursing care business, and Livestock and aquaculture business.

2. Adjustment amounts are mainly elimination of intersegment transactions and inventory adjustments.

3. The total amount of segment profit or loss is adjusted with the operating profit in the consolidated statement of income.

4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

<Related information>

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

1. Information by product and service

This information is omitted since the same information is provided in “Segment information.”

2. Information by geographic region

(1) Sales

(Million yen)

Japan	Americas	China	ASEAN	Europe	Other	Total
622,045	96,838	23,282	20,523	3,607	13,665	779,964

(2) Plant, property, and equipment

(Million yen)

Japan	Americas	China	ASEAN	Europe	Other	Total
149,429	7,195	14,945	6,632	354	3,255	181,811

3. Information by major customer

This information is omitted since there is no external customer who accounted for 10% or more of total net sales in the consolidated statements of income.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

1. Information by product and service

This information is omitted since the same information is provided in “Segment information.”

2. Information by geographic region

(1) Sales

(Million yen)

Japan	Americas	China	ASEAN	Europe	Other	Total
732,983	130,291	32,409	25,760	28,124	16,208	965,778

(2) Plant, property, and equipment

(Million yen)

Japan	Americas	China	ASEAN	Europe	Other	Total
168,796	13,717	19,045	8,836	17,552	4,064	232,013

(Changes in presentation)

“Europe”, included in “Other” under in the previous fiscal year, is presented independently in the current fiscal year due to the increase of financial significance. To reflect this change in presentation, information by geographic region for the previous fiscal year has been reclassified.

3. Information by major customer

This information is omitted since there is no external customer who accounted for 10% or more of total net sales in the consolidated statements of income.

<Impairment loss on non-current assets by reporting segment >

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)

	Reporting segments							Other	Total
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total		
Impairment losses	400	—	131	944	27	—	1,503	—	1,503

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)

	Reporting segments							Other	Total
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total		
Impairment losses	446	—	175	546	182	—	1,350	—	1,350

<Amortization of goodwill and unamortized balance by reporting segment>

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)

	Reporting segments							Other	Total
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total		
Amortization	—	1	557	389	445	17	1,412	171	1,583
Ending balance	—	9	1,098	1,699	6,740	101	9,649	2,003	11,652

Note: Other amounts relate to Manufacturing and wholesaling business for external sales, Nursing care business, etc.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)

	Reporting segments							Other	Total
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total		
Amortization	—	1	738	389	445	17	1,592	177	1,770
Ending balance	—	7	3,967	1,309	6,295	84	11,663	1,952	13,616

Note: Other amounts relate to Manufacturing and wholesaling business for external sales, Nursing care business, etc.

<Gain on negative goodwill by reporting segment>

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Not applicable.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

Not applicable.

<Related party information>

1. Transactions with related parties

(1) Transaction between the Company and related parties

Not applicable.

(2) Transactions between the Company's consolidated subsidiaries and related parties

Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

Type	Name of company	Location	Capital (Million yen)	Business	Voting rights (held) (%)	Relation- ship	Trans- action	Amount (Million yen)	Account	Balance (Million yen)
Company (including its subsidiaries) in which a majority of the voting rights are owned by directors and their close relatives	Nihon Create LLC (Note 1)	Yokohama Kanagawa Pref.	10	Assets manage- ment	(held) Direct 34.39	—	Acquisition of shares (Note 2)	369	—	—

Notes: 1. Nihon Create LLC is a company whose voting right is 100 % owned by Kentaro Ogawa, Representative Director, Chairman, President & CEO of the Company, and his second-degree relatives.

2. Nihon Create LLC acquired shares of Global MD Holdings Co., Ltd., a consolidated subsidiary of the Company. Transaction amount was reasonably determined based on a calculation by a third-party institution.

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

Not applicable

2. Notes on parent company or important associates

Not applicable.

(Per Share Information)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net assets per share (yen)	761.63	1,171.76
Basic earnings per share (yen)	87.30	195.41

Notes 1. Diluted earnings per share are not stated, as there is no potential share with dilutive effects.

2. In the calculation of net assets per share, the Company shares of common share held by Japan Custody Bank, Ltd. (Trust Account E) as trust assets for the “Board Benefit Trust (BBT)” are included in the number of treasury shares deducted from the number of issued shares at the fiscal year-end, while in the calculation of basic earnings per share, those are included in the number of treasury shares deducted from the average number of shares outstanding during the period.

The number of such treasury shares at the fiscal year-end deducted in the calculation of net assets per share is 292,500 shares for the previous fiscal year and 291,800 shares for the current fiscal year, and the average number of such treasury shares during the period deducted in the calculation of basic earnings per share is 171,182 shares for the previous fiscal year and 292,020 shares for the current fiscal year.

3. Basic earnings per share is calculated on the following bases:

(Million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net profit attributable to owners of parent	13,265	30,693
Amount not attributable to ordinary shareholders	—	812
Net profit attributable to owners of parent relating to common shares	13,265	29,881
Average number of shares during the period (Shares)	151,947,613	152,916,818

(Material Subsequent events)

Not applicable.

(v) Consolidated supplementary schedules

<Schedule of bonds payable>

Company name	Issue	Issue date	Beginning Balance (Million yen)	Ending Balance (Million yen)	Interest rate (%)	Collateral	Redemption date
Zensho Holdings Co., Ltd.	(Public issue) 3rd Series Unsecured Corporate Bond	Dec. 13, 2021	10,000 (—)	10,000 (10,000)	0.34	None	Dec. 13, 2024
Zensho Holdings Co., Ltd.	(Public issue) 4th Series Unsecured Corporate Bond	Dec. 13, 2021	5,000 (—)	5,000 (—)	0.44	None	Dec. 11, 2026
Zensho Holdings Co., Ltd.	(Public issue) 5th Series Unsecured Corporate Bond	Jun. 13, 2022	10,000 (—)	10,000 (—)	0.71	None	Jun. 11, 2027
Total	—	—	25,000 (—)	25,000 (10,000)	—	—	—

Notes: 1. Amounts in parentheses under “Beginning Balance” and “Ending Balance” are amounts scheduled for redemption within one year.

2. Redemption schedule over a period of five years from the current fiscal year-end are as follows.

(Million yen)

Due in one year or less	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
10,000	—	5,000	10,000	—

<Schedule of borrowings>

Category	Beginning Balance (Million yen)	Ending Balance (Million yen)	Average interest rate (%)	Repayment dates
Short-term borrowings	7,600	7,542	0.78	—
Current portion of long-term borrowings	16,163	26,735	0.37	—
Current portion of lease Liabilities	9,542	13,619	1.65	—
Long-term borrowings (Excluding current portion)	168,433	224,369	1.50	Apr. 2025—Mar. 2059
Lease liabilities (Excluding current portion)	26,137	42,723	1.37	Apr. 2025—Jun. 2036
Total	227,877	314,989	—	—

Notes: 1. Average interest rate is calculated as the weight average interest rate at the fiscal year-end.

2. Repayment schedule of long-term borrowings (excluding current portion) and lease liabilities (excluding current portion) over a period of five years from the current fiscal year-end are as follows.

(Million yen)

	Due after one year through two years	Due after two years through three years	Due after three years through four years	Due after four years through five years
Long-term borrowings	37,823	18,871	35,290	74,050
Lease liabilities	20,504	6,045	3,886	2,278

<Schedule of asset retirement obligations>

The information is omitted since it is stated in the “Notes on Consolidated Financial Statements” pursuant to Article 15-23 of Regulation on Consolidated Financial Statements.

(2) Other

Quarterly financial information for the current fiscal year

(Cumulative period)	First Quarter	Second Quarter	Third Quarter	Current fiscal year
Net sales (Million yen)	214,368	452,610	706,803	965,778
Profit before income taxes (Million yen)	8,996	23,582	33,837	47,526
Profit attributable to owners of parent (Million yen)	6,675	15,797	21,821	30,693
Basic earnings per share (yen)	43.97	104.18	141.10	195.41

(Fiscal period)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Basic earnings per share (yen)	43.97	60.23	36.95	54.07

Note: The Company retrospectively adjusted the figures of the second and third quarters as it finalized the provisional accounting for the business combination in the third and fourth quarters.

2. Non-Consolidated Financial Statements, etc.

(1) Non-Consolidated Financial Statements

(i) Non-Consolidated Balance sheets

(Million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Assets		
Current assets		
Cash and deposits	28,506	37,925
Accounts receivable - trade	26,177	29,485
Securities	—	19,907
Merchandise and finished goods	2,423	5,639
Raw materials and supplies	269	1,446
Work in process	—	3
Advance payments to suppliers	10	66
Prepaid expenses	3,943	4,537
Prepaid rent	1,821	1,540
Accounts receivable - other	8,992	12,347
Short-term loans receivable	118,795	103,140
Current portion of long-term loans receivable	513	8,900
Other	1,701	610
Allowance for doubtful accounts	(11,454)	(10,973)
Total current assets	181,701	214,577
Non-current assets		
Property, plant and equipment		
Buildings	7,881	8,161
Structures	119	144
Machinery and equipment	409	377
Vehicles	0	0
Tools, furniture and fixtures	858	1,189
Land	10,440	14,221
Leased assets	8,445	9,151
Construction in progress	17	31
Total property, plant and equipment	28,173	33,276
Intangible assets		
Trade mark right	1	0
Leasehold interests in land	91	91
Software	3,214	3,699
Other	339	388
Total intangible assets	3,647	4,180

(Million yen)

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Investments and other assets		
Investment securities	5	5
Shares of subsidiaries and associates	105,786	213,281
Investments in capital of subsidiaries and associates	10,438	10,438
Long-term loans receivable from subsidiaries and associates	32,853	19,968
Long-term loans receivable	19	20
Long-term prepaid expenses	1,284	2,146
Long-term prepaid rent	11,919	11,312
Deferred tax assets	839	797
Guarantee deposits	23,576	24,413
Other	246	253
Allowance for investment loss	(52)	(41)
Total investments and other assets	186,917	282,596
Total non-current assets	218,738	320,053
Deferred assets		
Share issuance cost	—	808
Bond issuance cost	67	43
Total deferred assets	67	852
Total assets	400,507	535,482
Liabilities		
Current liabilities		
Accounts payable - trade	25,286	23,805
Short-term borrowings	23,364	29,345
Current portion of long-term borrowings	15,437	26,050
Current portion of bonds payable	—	10,000
Lease liabilities	794	901
Accounts payable - other	4,296	4,150
Accrued expenses	868	1,068
Income taxes payable	428	296
Contract liabilities	3,077	3,182
Deposits received	188	238
Provision for bonuses	997	1,474
Other	2,023	193
Total current liabilities	76,762	100,708
Non-current liabilities		
Bonds payable	25,000	15,000
Long-term borrowings	165,425	221,025
Lease obligations	9,755	10,539
Provision for share awards	157	378
Provision for loss on guarantees	1,104	1,193
Guarantee deposits received	35,112	34,852
Asset retirement obligations	103	149
Other	838	714
Total non-current liabilities	237,495	283,852
Total liabilities	314,258	384,560

	(Million yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Net assets		
Shareholders' equity		
Share capital	26,996	47,497
Capital surplus		
Legal capital surplus	26,918	47,419
Other capital surplus	9,230	39,231
Total capital surplus	36,149	86,651
Retained earnings		
Legal retained earnings	80	80
Other retained earnings		
General reserve	3,000	3,000
Retained earnings brought forward	26,175	28,338
Total retained earnings	29,255	31,418
Treasury shares	(6,915)	(13,715)
Total shareholders' equity	85,485	151,852
Valuation and translation adjustments		
Deferred gains or losses on hedges	763	(930)
Total valuation and translation adjustments	763	(930)
Total net assets	86,248	150,921
Total liabilities and net assets	400,507	535,482

(ii) Non-Consolidated Statements of Income

(Million yen)

	Previous fiscal year (From April 1, 2022 to March 31, 2023)	Current fiscal year (From April 1, 2023 to March 31, 2024)
Net sales	256,344	294,751
Cost of sales	240,838	275,395
Gross profit	15,505	19,355
Selling, general and administrative expenses	※ 1 14,556	* 1 20,027
Operating profit (loss)	949	(671)
Non-operating Income		
Interest income	1,699	1,852
Dividend income	11,263	9,650
Foreign exchange gains	2,036	240
Other	248	521
Total non-operating income	15,248	12,265
Non-operating expenses		
Interest expenses	2,006	2,542
Interest on bonds	126	127
Amortization of long-term prepaid expenses	310	494
Other	318	646
Total non-operating expenses	2,760	3,811
Ordinary profit	13,436	7,782
Extraordinary income		
Gain on sale of non-current assets	2	—
Other	36	3
Total extraordinary income	39	3
Extraordinary losses		
Loss on sale of non-current assets	78	5
Loss on retirement of non-current assets	43	39
Impairment losses	82	—
Loss on valuation of shares of subsidiaries and associates	53	47
Other	119	31
Total extraordinary losses	377	124
Profit before income taxes	13,098	7,661
Income taxes - current	1,043	89
Income taxes - deferred	94	41
Total income taxes	1,137	131
Profit	11,961	7,530

(iii) Non-Consolidated Statement of Changes in Shareholders' Equity
Previous Fiscal Year (From April 1, 2022, to March 31, 2023)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Retained earnings			
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings
						General reserve	Retained earnings brought forward	
Beginning balance	26,996	26,918	9,230	36,149	80	3,000	17,709	20,789
Cumulative effect of changes in accounting policies								
Restated balance	26,996	26,918	9,230	36,149	80	3,000	17,709	20,789
Changes during period								
Issuance of new shares								
Dividends of surplus							(3,495)	(3,495)
Profit							11,961	11,961
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Transfer from share capital to other capital surplus								
Net changes in items other than shareholders' equity								
Total changes during period	—	—	0	0	—	—	8,465	8,465
Ending balance	26,996	26,918	9,230	36,149	80	3,000	26,175	29,255

	Shareholders' equity		Total net assets		Total net assets
	Treasury share	Total Shareholders' Equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Beginning balance	(5,839)	78,095	—	—	78,095
Cumulative effect of changes in accounting policies		—			—
Restated balance	(5,839)	78,095	—	—	78,095
Changes during period					
Issuance of new shares		—			—
Dividends of surplus		(3,495)			(3,495)
Profit		11,961			11,961
Purchase of treasury shares	(1,077)	(1,077)			(1,077)
Disposal of treasury shares	0	0			0
Transfer from share capital to other capital surplus		—			—
Net changes in items other than shareholders' equity			763	763	763
Total changes during period	(1,076)	7,389	763	763	8,152
Ending balance	(6,915)	85,485	763	763	86,248

Current Fiscal Year (From April 1, 2023, to March 31, 2024)

(Million yen)

	Shareholders' equity							
	Share capital	Capital surplus			Legal retained earnings	Retained earnings		
		Legal capital surplus	Other capital surplus	Total capital surplus		Other retained earnings	Retained earnings brought forward	Total retained earnings
		General reserve						
Beginning balance	26,996	26,918	9,230	36,149	80	3,000	26,175	29,255
Cumulative effect of changes in accounting policies							233	233
Restated balance	26,996	26,918	9,230	36,149	80	3,000	26,409	29,489
Changes during period								
Issuance of new shares	35,501	35,501		35,501				
Dividends of surplus							(5,600)	(5,600)
Profit							7,530	7,530
Purchase of treasury shares								
Disposal of treasury shares			0	0				
Transfer from share capital to other capital surplus	(15,000)	(15,000)	30,000	15,000				
Net changes in items other than shareholders' equity								
Total changes during period	20,501	20,501	30,000	50,501	—	—	1,929	1,929
Ending balance	47,497	47,419	39,231	86,651	80	3,000	28,338	31,418

	Shareholders' equity		Total net assets		Total net assets
	Treasury share	Total Shareholders' Equity	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Beginning balance	(6,915)	85,485	763	763	86,248
Cumulative effect of changes in accounting policies		233	(233)	(233)	—
Restated balance	(6,915)	85,718	530	530	86,248
Changes during period					
Issuance of new shares		71,002			71,002
Dividends of surplus		(5,600)			(5,600)
Profit		7,530			7,530
Purchase of treasury shares	(6,802)	(6,802)			(6,802)
Disposal of treasury shares	3	3			3
Transfer from share capital to other capital surplus		—			—
Net changes in items other than shareholders' equity			(1,459)	(1,459)	(1,459)
Total changes during period	(6,799)	66,133	(1,459)	(1,459)	64,673
Ending balance	(13,715)	151,852	(930)	(930)	150,921

Notes on Non-Consolidated Financial Statements (Significant accounting policies)

The Company maintains its accounts and records in accordance with the provisions set forth in the Companies Act of Japan and the Financial Instruments and Exchange Act of Japan, and in conformity with accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

1. Valuation standards and valuation methods of securities

(1) Shares of subsidiaries

Cost method using the moving average method

(2) Available-for-sale securities

Shares other than shares with no market price, etc.

Mark-to-market method (valuation difference is booked directly in net assets, and the cost of securities sold is calculated using the moving average method.)

For compound financial instruments for which the fair value of embedded derivatives cannot be measured separately, the entire compound financial instrument is measured at fair value and the valuation difference is reported as profit or loss.

Shares with no market price, etc.

Cost method using the moving average method

2. Valuation standards and valuation methods of derivatives

Mark-to-market method

3. Valuation standards and valuation methods of inventories

(1) Merchandise, finished goods, raw materials and work in process:

Principally the first-in first-out method (the inventories stated in the balance sheets have been written down of book values so that book values reflect decline in profitability.)

(2) Supplies:

Principally last purchase price method (the inventories stated in the balance sheets have been written down of book values so that book values reflect decline in profitability.)

4. Depreciation and amortization methods of non-current assets

(1) Property, plant and equipment (excluding lease assets)

Straight-line method

The main useful lives are as follows:

Buildings 2 to 47 years

(2) Intangible assets

Straight-line method

Software for internal use is amortized over the estimated internal useful life of the asset (five years).

(3) Lease assets

Lease assets related to finance lease transactions that do not transfer ownership are depreciated using the straight-line method, considering useful lives equal to lease terms, and estimating residual values as zero or the guaranteed residual value.

5. Accounting method of deferred assets

Share issuance cost

Amortized using the straight-line method over 3 years.

Bond issuance cost

Amortized using the straight-line method over the period up to redemption.

6. Standards for recognizing allowance and provisions

(1) Allowance for doubtful accounts

To prepare for possible losses caused by bad debt on loans and other receivables, an estimated uncollectible amount is recorded in consideration of their collectability as to potential bad debt or other certain receivables.

(2) Provision for bonuses

To prepare for the payment of bonuses to employees, provision for bonus is recorded based on the estimated amount of bonus payments.

(3) Provision for share awards

To prepare for the payment of the Company's shares to Directors, etc. in accordance with the Executive Stock Benefit Regulations, provision for share awards is recorded based on the estimated amount of obligation for share benefits.

(4) Provision for loss on guarantees

To prepare for losses caused by guarantee liabilities of subsidiaries and associates, estimated amount of loss is recorded in consideration of their financial status and others.

(5) Allowance for investment loss

To prepare for losses caused by investment in subsidiaries and associates, the necessary amount is recorded in consideration of their financial status and others.

7. Recognition standard for significant revenue and expenses

The Company mainly sells food and beverages, provides subsidiaries with management supports, guidance for restaurant and store management, etc.

For revenue from the sale of food and beverages, since the performance obligation is satisfied when the food and beverages are delivered to the customer, revenue is recognized at such time. The management support fees from subsidiaries are measured based on the sales, etc. of the subsidiaries and the revenue is recognized in consideration of the time when it is generated.

No material financial factor is included in the contracts as the payment term applied in the major transactions of the Company usually has due within a short period of time.

8. Hedge accounting method

(1) Hedge accounting method

Deferral hedge accounting is applied.

Exceptional accounting is applied to the interest-rate swap agreements that meet the requirements for that treatment.

(2) Hedging instruments and hedged items

(Hedging instruments)	(Hedged items)
Forward exchange contracts	Net investments in foreign subsidiaries
Interest rate swap agreements	Interest of borrowings

(3) Hedging policy

The Company hedges interest-rate fluctuation risks and the exchange-rate fluctuation risks on borrowings and net

investments in foreign subsidiaries.

(4) Method for evaluating hedging effectiveness

Hedge transactions are deployed in accordance with the risk management policies. Complete correlation is confirmed between hedging instruments and hedged items as to the risks resulting from interest rate and exchange rates fluctuations.

(Significant accounting estimates)

<Evaluation of investments in capital of subsidiaries and associates (investments in intermediary holding companies)>

The Company has recorded investments of 109,408 million yen and 109,247 million yen in the intermediary holding company as the shares of subsidiaries and associates and investments in capital of subsidiaries and associates in the previous fiscal year-end and the current fiscal year-end, respectively.

Regarding the evaluation of investment in subsidiaries and associates, when the actual value declines significantly (about 50%) due to deterioration of the financial condition of the subsidiaries and associates, unless the recoverability is supported by sufficient evidence, an equivalent reduction in value is implemented and the valuation difference is treated as a loss for the current fiscal year.

The actual value is calculated based on the net assets of the subsidiaries and associates, but in the case of intermediary holding companies, it is calculated by considering the valuation differences based on the fair value.

Sufficient evidence to support the recoverability is the mid-term business plan of the subsidiaries and associates, and in the case of intermediary holding companies, it is the mid-term business plan of the entire intermediary holding company group including its operating subsidiaries.

Among the investments in the intermediary holding companies including its operating subsidiaries whose actual value declines significantly, the number of them whose investment was judged to be unnecessary to implement an equivalent reduction in value as a result of considering the mid-term business plan of the entire intermediary holding company group was one (Zensho China Holdings Co., Ltd.) and its book value was 10,423 million yen in the previous fiscal year, and the number of them is none in the current fiscal year.

(Changes in accounting policies)

<Application of Accounting Standard for Current Income Taxes>

The Company has applied the “Accounting Standard for Current Income Taxes” (Accounting Standards Board of Japan (“ASBJ”) Standard No. 27, October 28, 2022; the “Revised Accounting Standard of 2022”) from the beginning of the current fiscal year.

Previously, calculated amounts of current income taxes on earnings, etc. (“Corporate Taxes, etc.”) were recorded in profit or loss in accordance with laws and regulations. From the current year, Corporate Taxes, etc. is recorded in profit or loss, shareholders’ equity or valuation and translation adjustments depending on the transactions as the source. Regarding Corporate Taxes, etc. recorded in accumulated valuation and translation adjustments, the corresponding amount of tax is recorded in profit or loss when this transaction is recorded in profit or loss.

Additionally, if the taxable transaction is related to not only profit or loss but also shareholders’ equity or valuation and translation adjustments and it is difficult to calculate the amount of Corporate Taxes, etc., charged on shareholders’ equity or valuation and translation adjustments, all the amounts of such taxes are recorded in profit or loss.

The Company applies to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022 about revisions to categories for recording Corporate Taxes, etc. The amount of cumulative effect on the initial fiscal year in the case that the new accounting policy is retrospectively applied before the beginning of the initial fiscal year is added or subtracted to “retained earnings brought forward” at the beginning of the initial fiscal year, with the corresponding amount added or subtracted to “valuation and translation adjustments”.

As a result, for the current fiscal year, “Income taxes current” increased by 644 million yen, “Profit” decreased by the same amount, and “Deferred gains or losses on hedges” in valuation and translation adjustments increased by the same amount and “Basic earnings per share” decreased by 4.21 yen. Additionally, for the current fiscal year, the beginning balance of “Retained earnings brought forward” increased by 233 million yen, and the beginning balance of “Deferred gains or losses on hedges” in valuation and translation adjustments decreased by the same amount.

Furthermore, the Company has applied the revised “Guidance on Accounting Standard for Tax Effect Accounting” (ASBJ Guidance No. 28, October 28, 2022) from the beginning of the current fiscal year, but this has no effect on the non-consolidated financial statements.

(Additional Information)

(Board Benefit Trust (BBT))

This information is omitted since the same information is stated in “Notes on consolidated financial statements, (Additional Information).”

(Matters related to non-consolidated balance sheets)

1. Receivables from, and liabilities payable to subsidiaries and associates (excluding those indicated separately)

	(Million yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Short-term receivables	153,727	150,644
Short-term liabilities	34,395	40,699
Long-term liabilities	33,682	33,358

2. Guarantee liabilities

The Company provides debt guarantees for borrowings from financial institution and other obligations to the following subsidiaries and associates.

	(Million yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
United Veggies Co., Ltd. (accounts payable-trade)	39	66
Joy Mart Co., Ltd. (accounts payable - trade)	115	222
Zenshoen Co., Ltd. (borrowings)	423	411
Provision for loss on guarantees	10	262
Subtract	413	149
Mizushita Farm Co., Ltd. (borrowings)	1,308	1,240
Provision for loss on guarantees	1,094	931
Subtract	214	309

3. Current account overdraft and commitment line agreements

Previous Fiscal Year (As of March 31, 2023)

The Company has executed an overdraft agreement with 12 correspondent banks for the purpose of efficient procurement of operating capital. The balance of unused loans under these agreements is as follows.

	(Million yen)
Total loan limits	25,000
Amount executed as loans	5,000
Difference	20,000

Current Fiscal Year (As of March 31, 2024)

The Company has executed an overdraft agreement with 12 correspondent banks for the purpose of efficient procurement of operating capital. The balance of unused loans under these agreements is as follows.

	(Million yen)
Total loan limits	25,000
Amount executed as loans	—
Difference	25,000

(Matters related to non-consolidated income statements)

*1. The approximate percentage of expenses that belong to selling expenses is 0.7 % in the previous fiscal year and 0.6 % in the current fiscal year. The approximate percentage of expenses that belong to general and administrative expenses is 99.3 % in the previous fiscal year and 99.4 % in the current fiscal year.

The main items and amounts of selling, general and administrative expenses are as follows.

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Payroll and allowances	3,105	4,117
Provision for bonuses	600	1,647
Commission expenses	3,120	3,863
Depreciation	579	620

2. Amounts of transactions with subsidiaries and associates

	(Million yen)	
	Previous Fiscal Year (From April 1, 2022 to March 31, 2023)	Current Fiscal Year (From April 1, 2023 to March 31, 2024)
Net sales	255,001	290,219
Purchase of goods	86,757	101,947
Other operating transactions	1,385	1,624
Transactions other than operating transactions	12,917	11,121

(Matters related to securities)

The fair values of the shares of subsidiaries and associates (including investments in capital of subsidiaries) are not presented because they are shares with no market price. The followings are the book values of the shares of subsidiaries and associates (including investments in capital of subsidiaries) recorded in the non-consolidated balance sheets.

	(Million yen)	
Category	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Shares of subsidiaries (including investments in capital of subsidiaries)	116,172	223,679
Shares of associates	—	—
Total	116,172	223,679

(Matters related to tax effect accounting)

1. Major breakdown for cause of occurrence of deferred tax assets and liabilities

	(Million yen)	
	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Deferred tax assets		
Allowance for doubtful accounts	3,507	3,359
Provision for loss on guarantees	338	365
Provision for bonuses	305	451
Impairment losses	72	72
Accrued enterprise tax	98	109
Excess over depreciation limit	24	43
Shares of subsidiaries and associates	530	542
Long-term accounts payable - other	148	216
Tax loss carryforwards	1,076	1,208
Others	252	278
Subtotal deferred tax assets	6,354	6,647
Valuation allowances for tax loss carryforwards	(557)	(761)
Valuation allowances for the sum of deductible temporary difference, etc.	(4,669)	(4,758)
Subtotal valuation allowances	(5,227)	(5,519)
Total deferred tax assets	1,127	1,127
Deferred tax liabilities		
Shares of subsidiaries and associates	(266)	(266)
Others	(20)	(63)
Total deferred tax liabilities	(287)	(330)
Net deferred tax assets, net	839	797

2. Reconciliations between the statutory effective tax rate and the actual effective tax rate after application of tax effect accounting, when there is a significant difference between them

	Previous fiscal year (As of March 31, 2023)	Current fiscal year (As of March 31, 2024)
Statutory effective tax rate	30.6 %	30.6 %
(Reconciliations)		
Expenses not deductible permanently such as entertainment expenses	2.1	3.8
Income not taxable permanently such as dividend income	(26.3)	(38.6)
Corporate inhabitant tax on per capita basis	0.1	0.2
Changes in valuation allowance	0.4	3.8
Tax credit	(0.6)	—
Other	2.4	1.9
Actual effective tax rate after application of tax effect accounting	8.7	1.7

3. Accounting treatment of corporate tax, local corporate tax and tax effect accounting for these

The Company has adopted group tax sharing system. The Company accounts for and discloses corporate tax, local corporate tax and tax effect accounting subject to “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (ASBJ PITF No. 42, August 12, 2021).

(Matters related to revenue recognition)

Information for the basis of understanding revenues from contracts with customers is omitted since the same information is provided in “Non-Consolidated Financial statements, Notes on Non-Consolidated Financial Statements, (Significant accounting policies), 7. Recognition standard for significant revenue and expenses”.

(Material subsequent events)

Not applicable.

(iv) Supplementary Schedule

<Schedule of property, plant and equipment, etc.>

(Million yen)

Assets	Beginning balance	Increase	Decrease	Ending balance	Accumulated depreciation and amortization	Depreciation and amortization	Net balance
Property, plant and equipment							
Building	17,486	1,088	60	18,514	10,352	772	8,161
Structures	274	48	—	322	178	23	144
Machinery and equipment	730	25	—	755	378	57	377
Vehicles	10	—	—	10	10	0	0
Tools, furniture and fixtures	3,782	654	423	4,014	2,824	318	1,189
Land	10,440	3,781	—	14,221	—	—	14,221
Lease assets	12,955	1,471	96	14,330	5,179	729	9,151
Construction in progress	17	31	17	31	—	—	31
Total property, plant and equipment	45,697	7,100	597	52,200	18,923	1,902	33,276
Intangible assets							
Trade mark right	16	—	—	16	16	1	0
Leasehold interests in land	91	—	—	91	—	—	91
Software	6,174	1,612	619	7,167	3,467	1,125	3,699
Other	393	185	124	454	66	12	388
Total intangible assets	6,675	1,798	743	7,730	3,550	1,139	4,180

Notes: 1. Beginning balance and Ending balance are the acquisition values.

2. Major increases in property, plant and equipment are as follows.

Land	Acquisition of restaurants and stores of subsidiaries and office building	3,781 million yen
Software	System renewal expenses	1,612 million yen

<Schedule of provisions>

(Million yen)

Item	Beginning balance	Increase	Decrease	Ending balance
Allowance for doubtful accounts	11,454	—	481	10,973
Provision for bonuses	997	1,474	997	1,474
Provision for share awards	157	224	3	378
Provision for loss on guarantees	1,104	89	—	1,193
Allowance for investment loss	52	—	11	41

(2) Details of major assets and liabilities

Statement is omitted since the Company prepares the consolidated financial statements.

(3) Others

Not applicable.

VI: STOCK-RELATED ADMINISTRATION FOR THE COMPANY

Fiscal year	From April 1 to March 31																												
Ordinary general meeting of shareholders	June																												
Record date	March 31																												
Record date of dividends	September 30 March 31																												
Number of shares constituting one unit	100 shares																												
Purchase and sales of shares less than one unit Handling office	(Special account) Stock Transfer Agent Department, Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Japan																												
Custodian of shareholder register	(Special account) Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo Japan																												
Handling locations	-----																												
Purchase and sales fee	Amount separately determined as equivalent to the commission related to the brokerage of stock trading.																												
Method of public notice	Public notice of the Company shall be given by electronic means. However, in the event accidents or other unavoidable reasons prevent public notice by electronic means, the notice can be given in the Nihon Keizai Shimbun newspaper. The electronic public notice is presented on the Company's Web site at: http://www.zensho.co.jp																												
Special benefit program for shareholders	<p>Standards of distribution</p> <p>Shareholders recorded in the registry of shareholders as of March 31 and September 30 are entitled to receive "complimentary meal discount ticket for a shareholder", which can be used at the participating Group restaurants.</p> <ul style="list-style-type: none"> Shareholders with 100 – 299 shares 1,000 yen worth of discount ticket (a booklet of two 500 yen meal discount tickets) will be sent twice a year. Shareholders with 300 – 499 shares 3,000 yen worth of ticket (a booklet of six 500 yen meal discount tickets) will be sent twice a year. Alternatives can be selected. Shareholders with 500 – 999 shares 6,000 yen worth of ticket (two booklets of six 500 yen meal discount tickets) will be sent twice a year. Alternatives can be selected. Shareholders with 1,000 – 4,999 shares 12,000 yen worth of ticket (four booklets of six 500 yen meal discount tickets) will be sent twice a year. Alternatives can be selected. 5,000 shares and over 30,000 yen worth of ticket (ten booklets of six 500 yen meal discount tickets) will be sent twice a year. Alternatives can be selected. <p>Alternatives</p> <p>By sending back the unused latest meal discount tickets within a predetermined period, shareholders can get one set of products such as "Sukiya Gyudon-no-gu" for every 3,000 yen worth of tickets. For more information, please see https://www.zonsho.co.jp/jp/ir/investor/complimentary.html.</p> <p>Participating restaurants (Limited to Japan)</p> <table> <tr> <td>Gyudon chain</td><td>Sukiya</td></tr> <tr> <td>Rice bowl and Kyoto style udon noodles</td><td>Nakau</td></tr> <tr> <td>Tonkatsu chain</td><td>Katsuan</td></tr> <tr> <td>Standard restaurant</td><td>Coco's</td></tr> <tr> <td>Hamburger steak and steak restaurant</td><td>Big Boy</td></tr> <tr> <td>Hamburger steak and steak restaurant</td><td>Victoria Station</td></tr> <tr> <td>Pasta specialty restaurant</td><td>Jolly Pasta</td></tr> <tr> <td>Italian dining</td><td>OLIVENOOKA</td></tr> <tr> <td>Japanese restaurant</td><td>Hanaya Yohei</td></tr> <tr> <td>Mexican restaurant</td><td>El Torito</td></tr> <tr> <td>Sushi restaurant</td><td>Hamasushi</td></tr> <tr> <td>Udon/Tempura restaurant</td><td>Kyubeiya</td></tr> <tr> <td>Barbeque restaurant</td><td>Jukusei Yakiniku Ichiban</td></tr> <tr> <td>Hamburger chain</td><td>Lotteria</td></tr> </table> <p>* Some restaurants do not accept complimentary meal discount ticket for shareholders.</p>	Gyudon chain	Sukiya	Rice bowl and Kyoto style udon noodles	Nakau	Tonkatsu chain	Katsuan	Standard restaurant	Coco's	Hamburger steak and steak restaurant	Big Boy	Hamburger steak and steak restaurant	Victoria Station	Pasta specialty restaurant	Jolly Pasta	Italian dining	OLIVENOOKA	Japanese restaurant	Hanaya Yohei	Mexican restaurant	El Torito	Sushi restaurant	Hamasushi	Udon/Tempura restaurant	Kyubeiya	Barbeque restaurant	Jukusei Yakiniku Ichiban	Hamburger chain	Lotteria
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Barbeque restaurant	Jukusei Yakiniku Ichiban																												
Hamburger chain	Lotteria																												

Notes 1. In accordance with the Articles of Incorporation, shareholders holding shares less than one unit do not have any rights other than the rights listed in each item of Article 189, Paragraph 2 of the Companies Act of Japan, the right to claim, the right to receive allotment of offered shares and offered subscription rights to shares according to the number of shares held by shareholders, and the right to request sale of shares less than one unit in Article 166, Paragraph 1 of the same Act.

2. The Articles of Incorporation allows the Company to distribute dividends of surplus by setting a record date, in addition to the record date of dividends as stated above.

VII. CORPORATE REFERENCE DATA

1. Information on the Parent Company, etc.

The Company does not have the parent company, etc. stipulated in Article 24-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

From the beginning of the current fiscal year until the filing date of this Annual Securities Report, the Company has filed the following documents.

(1) Annual Securities Report, the Attachments and Confirmation Letter

Business term (41st) (From April 1, 2022, to March 31, 2023)

Filed with Director General of the Kanto Local Finance Bureau on June 26, 2023

(2) Internal Control Report and the Attachments

Filed with Director General of the Kanto Local Finance Bureau on June 26, 2023

(3) Quarterly Report and Confirmation Letter

(42nd First Quarter) (From April 1, 2023, to June 30, 2023)

Filed with Director General of the Kanto Local Finance Bureau on August 10, 2023

(42nd Second Quarter) (From July 1, 2023, to September 30, 2023)

Filed with Director General of the Kanto Local Finance Bureau on November 10, 2023

(42nd Third Quarter) (From October 1, 2023, to December 31, 2023)

Filed with Director General of the Kanto Local Finance Bureau on February 9, 2024

(4) Extraordinary Report

Filed with Director General of the Kanto Local Finance Bureau on July 18, 2023

Filed pursuant to Article 24-5, Paragraph 4 of the Financial Instruments and Exchange Act of Japan and Article 19, Paragraph 2, item 2 of the Cabinet Office Order on Disclosure of Corporate Affairs, etc.

(5) Shelf Registration Statement (shares, bonds, etc.) and the Attachments

Filed with Director General of the Kanto Local Finance Bureau on July 31, 2023

(6) Amendment to Shelf Registration Statement

Filed with Director General of the Kanto Local Finance Bureau on August 1, 2023

(7) Share Buyback Report

(Report Period) (From August 1, 2023, to August 31, 2023)

Filed with Director General of the Kanto Local Finance Bureau on September 7, 2023

(8) Securities Registration Statements (Primary offering and secondary offering by overallotment) and the Attachments

Filed with Director General of the Kanto Local Finance Bureau on November 24, 2023

Securities Registration Statements (Third-party share issuance) and the Attachments

Filed with Director General of the Kanto Local Finance Bureau on November 24, 2023

(9) Amendment to Securities Registration Statements

Filed with Director General of the Kanto Local Finance Bureau on December 5, 2023

Filed related to Securities Registration Statements (Primary offering and secondary offering by overallotment) above (8)

Filed with Director General of the Kanto Local Finance Bureau on December 5, 2023

Filed related to Securities Registration Statements (Third-party share issuance) above (8)

PART II: INFORMATION ON CORPORATE GUARANTORS, ETC., FOR THE COMPANY

Not applicable.