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Summary of Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 31, 2024 (Japanese Accounting Standards)

February 9, 2024

Company Name: **Zensho Holdings Co., Ltd.** Stock Listings Tokyo Stock Exchange
 Code Number: 7550 URL <https://www.zensho.co.jp/>
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 Scheduled date for submission of quarterly securities report: February 9, 2024
 Scheduled date for payment of dividends: —
 Supplementary documents for quarterly results: No
 Quarterly results briefing: No

(Figures rounded down to the nearest million yen)

1. Consolidated Financial Results for the Cumulative Third Quarter (April 1, 2023 to December 31, 2023)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Nine months ended December 31, 2023	706,803	22.0	36,311	148.7	34,295	62.2	20,691	85.9
December 31, 2022	579,239	17.5	14,602	34.6	21,143	17.7	11,132	(17.7)

Note: Comprehensive income
 Nine months ended December 31, 2023 21,645 million yen (60.6 %)
 Nine months ended December 31, 2022 13,481 million yen ((19.6) %)

	Basic earnings per share		Diluted earnings per share	
	Yen		Yen	
Nine months ended December 31, 2023	133.65		—	
December 31, 2022	73.25		—	

(2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	Net Assets per share
	Million yen		Million yen		%	Yen
December 31, 2023	675,217		190,935		28.2	1,027.28
March 31, 2023	469,563		115,837		24.6	761.63

Reference: Shareholders' Equity: December 31, 2023 190,685 million yen March 31, 2023 115,633 million yen

2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Full year
Fiscal Year ended March 31, 2023	Yen -	Yen 12.00	Yen -	Yen 12.00	Yen 24.00
Fiscal Year ending March 31, 2024	-	25.00	-		
Fiscal Year ending March 31, 2024 (forecast)				25.00	50.00

Note: Revisions to dividend forecasts published recently: None

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Profit attributable to owners of parent per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	960,000	23.1	51,000	134.7	48,000	70.9	30,000	126.2	192.53

Note: Revisions to consolidated financial forecasts published recently: None

Notes

- (1) Changes of important subsidiaries during the period (changes in specified subsidiaries resulting in change in scope of consolidation) : None
- (2) Application of particular accounting procedures in the preparation of quarterly consolidated financial statements : None
- (3) Changes in accounting policies, changes in accounting estimates, and restatement
- (i) Changes in accounting policies caused by revision of accounting standards : Yes
- (ii) Changes in accounting policies other than (i) : None
- (iii) Changes in accounting estimates : None
- (iv) Restatement : None

(4) Shares issued and outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)	As of December 31, 2023	160,080,825 shares	As of March 31, 2023	154,862,825 shares
(ii) Number of treasury stocks at the end of the period	As of December 31, 2023	4,068,206 shares	As of March 31, 2023	3,039,018 shares
(iii) Average number of shares outstanding during the term (quarter cumulative)	Nine months ended December 31, 2023	151,697,910 shares	Nine months ended December 31, 2022	151,987,949 shares

Note: A performance-linked compensation system (BBT, or Board Benefit Trust) has been introduced. The number of treasury stocks at the end of the period includes treasury shares held by Custody Bank of Japan, Ltd. (Trust Account) as assets in the Trust (as of December 31, 2023: 291,800 shares; as of March 31, 2023: 292,500 shares). In the calculation of the average number of shares outstanding during the term, treasury shares held by the Trust Account are treated as treasury shares to be deducted (nine months ended December 31, 2023: 292,092 shares; nine months ended December 31, 2022: 131,478 shares).

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

* Explanation and other special notes concerning the appropriate use of forecast business performance (Notes on forecast business performance and others)

The forecast figures indicated above are projections based on the information available at the time of the announcement and certain assumptions include some degree of uncertainty. Actual business performance and other results may differ from the forecast depending on the changes in business conditions and others. Please refer to p.3 of the Appendix for information on the above forecast.

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1. Qualitative Information on Results for the Cumulative Third Quarter Ended December 31, 2023

From the first quarter ended June 30, 2023, Zensho Holdings Co., Ltd. (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 nine months ended December 31, 2023, are based on the reporting segments after this change.

(1) Details of Consolidated Financial Results

In the nine months ended December 31, 2023 (from April 1, 2023 to December 31, 2023), consolidated business performance was net sales of 706,803 million yen (up 22.0% year-on-year), operating profit of 36,311 million yen (up 148.7% year-on-year), ordinary profit of 34,295 million yen (up 62.2% year-on-year), and profit attributable to owners of parent of 20,691 million yen (up 85.9% year-on-year).

The business environment surrounding the Company continued to be uncertain, affected by factors including raw material and energy prices remaining high due to the rising geopolitical risks. 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 remained high as usage opportunities by families and groups increased.

Under these circumstances, year-on-year same-store sales in each reporting segment were: up 16.1% in Global Sukiya, up 8.9% in Global Hamasushi, up 13.5% in Global Fast Food, up 22.7% in Restaurants, and down 1.4% in Retail.

As of the end of the third quarter ended December 31, 2023, the number of stores was 14,944 (including 7,758 franchised stores), the result of 654 store openings and 284 closures.

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

(Global Sukiya)

Net sales of Global Sukiya during the nine months ended December 31, 2023, were 199,140 million yen (up 19.4% year-on-year) with operating profit of 14,163 million yen (up 300.1% year-on-year).

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

At domestic Sukiya, the Company provided “Gyudon with Cod Caviar Mayo & Cheese,” “Sukiyaki Style Gyudon with Raw Egg,” and “Gyudon with Green Onion & Leek Kimchi,” among others, and at Sukiya in China, menu items included “Canola Flower Gyudon” and “Mala Spice Green Bean Gyudon.”

Additionally, the number of stores in this reporting segment as of the end of the third quarter ended December 31, 2023, was 2,625 (1,955 domestic, 670 overseas), the result of 78 store openings and 66 closures.

(Global Hamasushi)

Net sales of Global Hamasushi during the nine months ended December 31, 2023, were 143,118 million yen (up 15.5% year-on-year) with operating profit of 7,343 million yen (up 25.2% year-on-year).

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

Additionally, the number of stores in this reporting segment as of the end of the third quarter ended December 31, 2023, was 649 (596 domestic, 53 overseas), the result of 37 store openings and 1 closure.

(Global Fast Food)

Net sales of Global Fast Food during the nine months ended December 31, 2023, were 170,431 million yen (up 46.8% year-on-year) with operating profit of 6,878 million yen (up 15.9% year-on-year).

Nakau mainly provides oyakodon rice bowl dishes and Kyoto-style udon noodles, with product offerings that can compete with specialty restaurants. Also domestically, the Company has restaurants such as Lotteria, a hamburger restaurant chain that joined the Group on April 1, 2023, Katsuan, a tonkatsu specialty restaurant, and Kyubeiya, which serves Musashino-style udon noodles. This reporting segment also includes overseas companies such as Advanced Fresh Concepts Corp., which provides sushi takeout, Sushi Circle Gastronomie GmbH, which joined the Group on May 23, 2023, SnowFox Topco Limited, which joined the Group on September 15, 2023, and TCRS Restaurants Sdn. Bhd., a halal-certified chicken rice specialty restaurant.

Additionally, the number of stores in this reporting segment as of the end of the third quarter ended December 31, 2023, was 10,327 (1,002 domestic, 9,325 overseas; including 7,680 franchises), the result of 519 store openings and 188 closures.

(Restaurants)

Net sales of Restaurants during the nine months ended December 31, 2023, were 104,077 million yen (up 22.0% year-on-year) with operating profit of 4,673 million yen (operating loss of 1,351 million yen in the nine months ended December 31, 2022).

Coco's, a standard restaurant chain, has made efforts to improve its business performance by enhancing product competitiveness through active introduction of fair menus with a focus on seasonality, pursuing authentic taste rivaling specialty restaurants, and improving the standard of services to enable to customers 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 Yakniku Ichiban, a barbecue chain that offers carefully selected beef, OLIVE HILL, an Italian cuisine specialty restaurant chain, and Hanaya Yohei, a Japanese cuisine chain.

Additionally, the number of stores in this reporting segment as of the end of the third quarter ended December 31, 2023, was 1,193 (1,192 domestic, 1 overseas; including 78 franchises), the result of 17 store openings and 28 closures.

(Retail)

Net sales of Retail during the nine months ended December 31, 2023, were 59,298 million yen (up 0.1% year-on-year) with an operating loss of 606 million yen (operating loss of 1,732 million yen in the nine months ended December 31, 2022). The operating loss contracted as a result of revisions to management structures and suppliers.

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

Additionally, the number of stores in this reporting segment as of the end of the third quarter ended December 31, 2023, was 133, the result of 2 store openings and 1 closure.

(Corporate and Support)

Net sales of Corporate and Support during the nine months ended December 31, 2023, were 3,247 million yen (up 12.3% year-on-year) with operating profit of 4,136 million yen (up 81.8% year-on-year).

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

(Others)

Net sales of Others during the nine months ended December 31, 2023, were 27,488 million yen (up 10.3% year-on-year) with an operating loss of 202 million yen (operating profit of 2 million yen in the nine months ended December 31, 2022).

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

(2) Details of Consolidated Financial Position

(Assets)

Assets amounted to 675,217 million yen as of the end of the third quarter ended December 31, 2023, an increase of 205,653 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 and other factors, and increases in property, plant and equipment and intangible assets.

(Liabilities)

Liabilities amounted to 484,281 million yen as of the end of the third quarter ended December 31, 2023, an increase of 130,555 million yen compared with the previous fiscal year-end. This was mainly due to an increase in interest-bearing liabilities.

(Net Assets)

Net Assets amounted to 190,935 million yen as of the end of the third quarter ended December 31, 2023, an increase of 75,098 million yen compared with the previous fiscal year-end. This was mainly due to increases in share capital and capital surplus resulting from the issuance of class shares and the issuance of new shares by way of public offering, and an increase in retained earnings, despite a decrease resulting from the acquisition of treasury shares.

(3) Information on Future Outlook, Including Consolidated Business Performance Forecast

There are no changes to the consolidated business performance forecasts for the fiscal year ending March 31, 2024, announced on November 10, 2023.

2. Quarterly Consolidated Financial Statements and Major Notes

(1) Quarterly Consolidated Balance Sheets

(Million yen)

	End of Previous fiscal year (As of March 31, 2023)	End of 3Q, Current fiscal year (As of December 31, 2023)
Assets		
Current assets		
Cash and deposits	64,690	88,062
Accounts receivable - trade	28,747	43,390
Merchandise and finished goods	4,740	5,492
Work in process	1,269	2,718
Raw materials and supplies	36,819	46,715
Other	21,892	26,581
Allowance for doubtful accounts	(166)	(182)
Total current assets	157,993	212,778
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	221,844	248,325
Accumulated depreciation	(131,704)	(146,224)
Buildings and structures, net	90,140	102,101
Machinery, equipment and vehicles	18,645	24,441
Accumulated depreciation	(10,843)	(13,527)
Machinery, equipment and vehicles, net	7,802	10,914
Other	171,445	215,075
Accumulated depreciation	(87,576)	(103,128)
Other, net	83,868	111,947
Total property, plant and equipment	181,811	224,963
Intangible assets		
Trademark right	49,359	60,541
Goodwill	11,652	101,823
Other	4,435	5,185
Total intangible assets	65,446	167,550
Investments and other assets		
Investment securities	2,168	1,854
Guarantee deposits	33,845	37,633
Other	28,281	29,659
Allowance for doubtful accounts	(51)	(103)
Total investments and other assets	64,244	69,044
Total non-current assets	311,502	461,558
Deferred assets	67	880
Total assets	469,563	675,217

(Million yen)

	End of Previous fiscal year (As of March 31, 2023)	End of 3Q, Current fiscal year (As of December 31, 2023)
Liabilities		
Current liabilities		
Accounts payable - trade	29,319	44,321
Short-term borrowings	7,600	6,223
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	16,163	26,740
Income taxes payable	3,970	9,376
Contract liabilities	732	857
Provisions	3,014	1,953
Other	49,993	70,184
Total current liabilities	110,792	169,658
Non-current liabilities		
Bonds payable	25,000	15,000
Long-term borrowings	168,433	229,298
Provisions	157	335
Retirement benefit liability	681	268
Asset retirement obligations	4,411	6,652
Other	44,249	63,068
Total non-current liabilities	242,933	314,623
Total liabilities	353,726	484,281
Net assets		
Shareholders' equity		
Share capital	26,996	45,218
Capital surplus	23,809	71,833
Retained earnings	60,576	75,458
Treasury shares	(6,915)	(13,713)
Total shareholders' equity	104,466	178,798
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(58)	5
Deferred gains or losses on hedges	(1,081)	(554)
Remeasurements of defined benefit plans	58	—
Foreign currency translation adjustment	12,248	12,436
Total accumulated other comprehensive income	11,167	11,887
Non-controlling interests	203	250
Total net assets	115,837	190,935
Total liabilities and net assets	469,563	675,217

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Quarterly Consolidated Statements of Income)

(Nine months ended December 31)

(Million yen)

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Net sales	579,239	706,803
Cost of sales	272,985	323,858
Gross profit	306,254	382,944
Selling, general and administrative expenses	291,651	346,633
Operating profit	14,602	36,311
Non-operating income		
Interest income	299	575
Dividend income	4	5
Foreign exchange gains	1,656	—
Share of profit of entities accounted for using equity method	6	5
Subsidy income	6,556	411
Other	873	678
Total non-operating income	9,397	1,675
Non-operating expenses		
Interest expenses	2,098	2,805
Foreign exchange losses	—	1
Other	758	884
Total non-operating expenses	2,856	3,690
Ordinary profit	21,143	34,295
Extraordinary income		
Gain on termination of retirement benefit plan	—	179
Other	339	243
Total extraordinary income	339	422
Extraordinary losses		
Loss on retirement of non-current assets	1,834	1,276
Other	1,006	735
Total extraordinary losses	2,841	2,011
Profit before income taxes	18,642	32,707
Income taxes - current	6,643	12,550
Income taxes - deferred	851	(539)
Total income taxes	7,494	12,010
Profit	11,147	20,696
Profit attributable to non-controlling interests	14	5
Profit attributable to owners of parent	11,132	20,691

(Quarterly Consolidated Statements of Comprehensive Income)

(Nine months ended December 31)

(Million yen)

	Nine months ended December 31, 2022 (From April 1, 2022 to December 31, 2022)	Nine months ended December 31, 2023 (From April 1, 2023 to December 31, 2023)
Profit	11,147	20,696
Other comprehensive income		
Valuation difference on available-for-sale securities	15	64
Deferred gains or losses on hedges	(2,737)	527
Remeasurements of defined benefit plans	5	(58)
Foreign currency translation adjustment	5,026	395
Share of other comprehensive income of entities accounted for using equity method	25	20
Total other comprehensive income	2,334	949
Comprehensive income	13,481	21,645
(Breakdown)		
Comprehensive income attributable to owners of parent	13,448	21,636
Comprehensive income attributable to non-controlling interests	32	9

(3) Notes on Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

(Notes on Case Where Shareholders' Equity Underwent Significant Changes in Value)

Based on the resolution of the Board of Directors meeting held on August 10, 2023, the Company acquired 1,027,400 treasury shares through an off-floor purchase transaction on August 14, 2023. The amount of 6,784 million yen was recorded in treasury shares.

Based on the resolution at the Board of Directors meeting held on July 18, 2023, the Company issued 300 class A preferred shares via third-party allotment on September 29, 2023. An increase of 30,000 million yen in share capital and legal capital surplus resulting from the payment completed on the same date were transferred to other capital surplus.

Based on the resolution at the Board of Directors meeting held on November 24, 2023, the Company issued 5,218,000 shares of common stock via public offering on December 11, 2023. The amounts resulting from the payment completed on the same date were recorded at 18,222 million yen each in share capital and legal capital surplus.

As a result, share capital, capital surplus, and treasury shares increased by 18,222 million yen, 18,222 million yen, and 3 million yen, respectively, during the nine months ended December 31, 2023, and totaled 45,218 million yen, 71,833 million yen, and 13,713 million yen, respectively, as of the end of the third quarter ended December 31, 2023.

(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 first quarter ended June 30, 2023.

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. Moving forward, Corporate Taxes, etc., on earnings will be recorded in profit or loss, shareholders' equity, or other comprehensive income according to the transaction, etc., from which it occurred. Concerning Corporate Taxes, etc., recorded in accumulated other comprehensive income, when a transaction, etc., is recorded in profit or loss that is the reason for said Corporate Taxes, etc., to be applied, the corresponding amount of tax will be recorded in profit or loss. Additionally, if the transaction, etc., subject to taxation is related to shareholders' equity or other comprehensive income in addition to profit or loss, and it is difficult to calculate the amount of Corporate Taxes, etc., to be applied to shareholders' equity or other comprehensive income, the amount of such taxes will be recorded in profit or loss.

Revisions to categories for recording Corporate Taxes, etc. (taxation on other comprehensive income) conform to the transitional treatment in the proviso of Paragraph 20-3 of the Revised Accounting Standard of 2022. The amount of cumulative effect on the initial fiscal year of application if retrospectively applying the new accounting policy prior to the beginning of the initial fiscal year of application is added or subtracted to retained earnings at the beginning of the initial fiscal year of application, with the corresponding amount added or subtracted to accumulated other comprehensive income.

As a result, for the nine months ended December 31, 2023, "income taxes - current" increased by 644 million yen, "profit attributable to owners of parent" decreased by the same amount, and "foreign currency translation adjustment" in other comprehensive income increased by the same amount. Additionally, for the third quarter ended December 31, 2023, 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 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 first quarter ended June 30, 2023, but this has no effect on the consolidated financial statements.

(Additional Information)

(Board Benefit Trust (BBT))

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

(1) Overview of the transaction

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

receive the Company's Shares, etc., will be after their retirement from office.

(2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded as treasury shares in net assets at the carrying amount of the trust (excluding incidental expenses). The carrying amount and number of shares of such treasury shares are 1,056 million yen and 292 thousand shares, respectively, as of the end of the fiscal year ended March 31, 2023, and 1,054 million yen and 291 thousand shares, respectively, as of the end of the third quarter ended December 31, 2023.

(3) Carrying amount of borrowings recorded using gross method

Not applicable.

(Segment Information)

[Segment Information]

I Nine months ended December 31, 2022 (April 1, 2022 to December 31, 2022)

1. Information on net sales, profit or loss by reporting segment

(Million yen)

	Reporting segment							Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Quarterly Consolidated Statements of Income (Note 3)
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total				
Net sales											
Net sales to external customers	166,834	123,948	116,094	85,324	59,223	2,890	554,317	24,921	579,239	—	579,239
Intersegment sales or transfers (Note 4)	239	0	15	104	380	230,819	231,560	6,899	238,459	(238,459)	—
Total	167,074	123,948	116,110	85,429	59,603	233,710	785,877	31,820	817,698	(238,459)	579,239
Segment profit (loss)	3,540	5,866	5,936	(1,351)	(1,732)	2,275	14,535	2	14,537	64	14,602

(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 fisheries business.

2. The adjustment of 64 million yen to segment profit (loss) primarily consists of intersegment sales or transfers and inventory adjustments.

3. The total amount of segment profit (loss) is adjusted with the operating profit in the quarterly consolidated statements of income.

4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

2. Information by reporting segment on impairment loss or goodwill on non-current assets

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in goodwill)

Not applicable.

(Significant profit on negative goodwill)

Not applicable.

II Nine months ended December 31, 2023 (April 1, 2023 to December 31, 2023)

1. Information on net sales, profit or loss by reporting segment

(Million yen)

	Reporting segment							Other (Note 1)	Total	Adjustment (Note 2)	Amount recorded on Quarterly Consolidated Statements of Income (Note 3)
	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total				
Net sales											
Net sales to external customers	199,140	143,118	170,431	104,077	59,298	3,247	679,314	27,488	706,803	—	706,803
Intersegment sales or transfers (Note 4)	208	6	14	112	394	265,151	265,887	8,618	274,506	(274,506)	—
Total	199,348	143,124	170,446	104,190	59,692	268,398	945,201	36,107	981,309	(274,506)	706,803
Segment profit (loss)	14,163	7,343	6,878	4,673	(606)	4,136	36,589	(202)	36,386	(75)	36,311

(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 fisheries business.

2. The adjustment of (75) million yen to segment profit (loss) primarily consists of intersegment sales or transfers and inventory adjustments.

3. The total amount of segment profit (loss) is adjusted with the operating profit in the quarterly consolidated statements of income.

4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

2. Information by reporting segment on impairment loss or goodwill on non-current assets

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in goodwill)

Owing to the acquisition of shares in Lotteria Co., Ltd. and Sushi Circle Gastronomie GmbH and making these companies subsidiaries during the first quarter ended June 30, 2023, goodwill increased by 3,007 million yen and 6,922 million yen, respectively, in the Global Fast Food segment.

Owing to the acquisition of shares in 23 companies, including SnowFox Topco Limited, and making these companies subsidiaries during the second quarter ended September 30, 2023, goodwill increased by 89,561 million yen in the Global Fast Food segment.

(Significant profit on negative goodwill)

Not applicable.

3. Matters concerning changes to reporting segments, etc.

In line with revising financial results management categories and management reporting structures to those that more closely align with the actual state of the business, the Company has changed its reporting segments from the two segments of Restaurant business and Retail business to the six segments of Global Sukiya, Global Hamasushi, Global Fast Food, Restaurants, Retail, and Corporate and Support from the first quarter ended June 30, 2023.

Additionally, segment information provided for the nine months ended December 31, 2022, is based on the segments subsequent to this change.

(Business combinations)

(Finalization of provisional accounting treatment associated with business combination)

Regarding the business combination between Zensho Europe Holdings B.V., a wholly owned subsidiary of the Company, and Sushi Circle Gastronomie GmbH on May 23, 2023 (deemed acquisition date: June 30, 2023), although the Company applied a provisional accounting treatment for the first quarter ended June 30, 2023, this treatment was finalized for the third quarter ended December 31, 2023.

As a result, goodwill of 6,922 million yen provisionally calculated decreased by 6,357 million yen to 565 million yen due to the finalization of the accounting treatment.

(Material Subsequent Events)

(Issuance of class shares by third-party allotment)

At the Board of Directors meeting held on November 24, 2023, the Company issued new shares by way of third-party allotment related to the secondary offering of shares of the Company by way of Over Allotment, which was resolved simultaneously with the issuance of new shares by way of public offering and the secondary offering of shares of the Company by way of Over Allotment. The payment was made on January 10, 2024. An overview of the issuance of new shares is as follows.

(1) Class and number of shares offered	652,400 shares of common stock
(2) Allotment price	6,984.56 yen per share
(3) Amount included in capital	3,492.28 yen per share
(4) Total allotment price	4,556 million yen
(5) Total amount of share capital and legal capital surplus increased	Amount of share capital increased: 2,278 million yen Amount of legal capital surplus increased: 2,278 million yen
(6) Payment date	January 10, 2024
(7) Allottee	Nomura Securities Co., Ltd.
(8) Method of offering	Issuance of new shares by way of third-party allotment (secondary offering of shares by way of Over Allotment)
(9) Use of funds	The funds are expected to be used for potential M&A transactions by the end of March 2026 to further promote the multi-brand strategy in Japan and overseas, and to further develop the mass merchandising system (MMD) by strengthening the procurement, manufacturing, and logistics functions that support the promotion of this strategy.