



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

May 14, 2024

Company Name: **Zensho Holdings Co., Ltd.** Stock Listings Tokyo Stock Exchange
Code Number: 7550 URL <http://www.zensho.co.jp/>
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Scheduled date for annual general shareholders' meeting: June 27, 2024

Scheduled date for submission of annual securities report: June 28, 2024

Scheduled date for payment of dividends: June 7, 2024

Supplementary documents for financial results : Yes

Financial results briefing : Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Financial Results for the Fiscal Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
Fiscal Year ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
March 31, 2024	965,778	23.8	53,707	147.1	50,913	81.3	30,693	131.4
March 31, 2023	779,964	18.4	21,734	135.4	28,081	21.5	13,265	(4.4)

Note: Comprehensive income Fiscal Year ended March 31, 2024 40,807 million yen (124.4 %)
Fiscal Year ended March 31, 2023 18,180 million yen (17.7) %

	Basic earnings per share	Diluted earnings per share	Return on equity (ROE)	Return on assets (ROA)	Operating Margin
Fiscal Year ended	Yen	Yen	%	%	%
March 31, 2024	195.41	—	18.6	8.4	5.6
March 31, 2023	87.30	—	12.1	6.3	2.8

Note: Gain/loss on equity method investments: March 31, 2024 6 million yen March 31, 2023 7 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	748,056	214,652	28.7	1,171.76
March 31, 2023	469,563	115,837	24.6	761.63

Reference: Shareholders' Equity: March 31, 2024 214,385 million yen March 31, 2023 115,633 million yen

(3) Consolidated Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Ending balance of cash and cash equivalents
Fiscal Year ended	Million yen	Million yen	Million yen	Million yen
March 31, 2024	85,985	(125,387)	54,633	82,171
March 31, 2023	53,078	(35,200)	1,844	64,690

2. Dividends

	Dividend per Share					Total dividend amount (full-year)	Consolidated Payout ratio	Dividends on consolidated net assets
	End of Q1	End of Q2	End of Q3	Year-end	Full year			
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
March 31, 2023	—	12.00	—	12.00	24.00	3,650	27.5	3.3
March 31, 2024	—	25.00	—	25.00	50.00	7,701	25.6	5.2
March 31, 2025 (forecast)	—	35.00	—	35.00	70.00		30.3	

Note: The total dividend amount includes dividends (14 million yen for the fiscal year ended March 31, 2024) on the Company's shares held by Custody Bank of Japan, Ltd. (Trust Account) as assets in the "Board Benefit Trust (BBT)."

3. Consolidated Forecasts for the Fiscal Year Ending March 31, 2025 (April 1, 2024 to March 31, 2025)

(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
Q2 (Cumulative)	535,615	18.3	33,119	30.4	32,912	34.8	20,344	29.5	127.73
Full year	1,080,000	11.8	62,500	16.4	61,500	20.8	37,000	20.5	231.37

Notes

- (1) Changes of important subsidiaries during the period
(changes in specified subsidiaries resulting in change in scope of consolidation) : None
- (2) 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

(3) Shares issued and outstanding (common stock)

(i) Number of shares outstanding at the end of the period (including treasury stock)	As of March 31, 2024	160,733,225 shares	As of March 31, 2023	154,862,825 shares
(ii) Number of treasury stocks at the end of the period	As of March 31, 2024	4,068,435 shares	As of March 31, 2023	3,039,018 shares
(iii) Average number of shares outstanding during the term	FY ended March 31, 2024	152,916,818 shares	FY ended March 31, 2023	151,947,613 shares

Notes: 1. Please refer to "Per Share Information" on p.17 concerning the number of shares on which calculations of net profit per share (consolidated) are based.

2. A performance-linked compensation system (BBT, or Board Benefit Trust) has been introduced. In the calculation of the number of treasury stocks at the end of the period and the average number of shares outstanding during the term, the number of treasury shares held by Custody Bank of Japan, Ltd. (Trust Account) as assets in the Trust (the number of treasury stocks at the end of the period of 291,800 shares and the average number of shares outstanding during the term of 292,020 shares) are treated as treasury shares to be deducted.

(Reference)

1. Non-consolidated Financial Results for the Fiscal Year ended March 31, 2024 (April 1, 2023 to March 31, 2024)

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

	Net Sales		Operating Profit		Ordinary Profit		Net Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal Year ended March 31, 2024	294,751	15.0	(671)	—	7,782	(42.1)	7,530	(37.0)
March 31, 2023	256,344	18.4	949	—	13,436	141.2	11,961	120.9

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Fiscal Year ended March 31, 2024	43.93	—
March 31, 2023	78.72	—

(2) Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
March 31, 2024	535,482	150,921	28.2	766.67
March 31, 2023	400,507	86,248	21.5	568.08

Reference: Shareholders' Equity: March 31, 2024 150,921 million yen March 31, 2023 86,248 million yen

- * This consolidated financial results report is exempt from audit procedures of certified accountants and/or auditing firms.
- * Explanation and other special notes concerning the appropriate use of forecasted business performance

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.4 of the Appendix for information on the above forecast.

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1. Overview of Management Results and Related Matters

(1) Overview of Consolidated Management Results for the Fiscal Year ended March 31, 2024

In the fiscal year ended March 31, 2024 (from April 1, 2023 to March 31, 2024), consolidated business performance was 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 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.

Under these circumstances, year-on-year same store sales in each reporting segment were: up 14.9% in Global Sukiya, up 9.3% in Global Hamasushi, up 13.4% in Global Fast Food, up 20.4% in Restaurants, and down 1.4% in Retail.

As of the end of the fiscal year ended March 31, 2024, the number of stores was 15,109 (including 7,922 franchised stores), the result of 971 store openings and 436 closures.

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

From the fiscal year ended March 31, 2024, 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 fiscal year ended March 31, 2024 are based on the reporting segments after this change.

(Global Sukiya)

Net sales of Global Sukiya during the fiscal year ended March 31, 2024, 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 Company 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, 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 fiscal year ended March 31, 2024, was 2,632 (1,957 domestic, 675 overseas), the result of 103 store openings and 84 closures.

(Global Hamasushi)

Net sales of Global Hamasushi during the fiscal year ended March 31, 2024, 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, 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 fiscal year ended March 31, 2024, was 667 (605 domestic, 62 overseas), the result of 56 store openings and 2 closures.

(Global Fast Food)

Net sales of Global Fast Food during the fiscal year ended March 31, 2024, 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 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 fiscal year ended March 31, 2024, was 10,472 (994 domestic, 9,478 overseas; including 7,845 franchises), the result of 789 store openings and 313 closures.

(Restaurants)

Net sales of Restaurants during the fiscal year ended March 31, 2024, 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 fiscal year ended March 31, 2023).

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

Additionally, the number of stores in this reporting segment as of the end of the fiscal year ended March 31, 2024, was 1,189, (1,188 domestic, 1 overseas; including 77 franchises), the result of 20 store openings and 35 closures.

(Retail)

Net sales of Retail during the fiscal year ended March 31, 2024, 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 fiscal year ended March 31, 2023). 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 fiscal year ended March 31, 2024, was 132, the result of 2 store openings and 2 closures.

(Corporate and Support)

Net sales of Corporate and Support during the fiscal year ended March 31, 2024, 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, 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 fiscal year ended March 31, 2024, 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 fiscal year ended March 31, 2023).

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) Overview of Financial Position for the Fiscal Year ended March 31, 2024

(Assets)

Assets amounted to 748,056 million yen as of the end of the fiscal year ended March 31, 2024, 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 and other factors, as well as purchase of securities, and increases in property, plant and equipment and intangible assets in association with M&As.

(Liabilities)

Liabilities amounted to 533,403 million yen as of the end of the fiscal year ended March 31, 2024, 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&As.

(Net Assets)

Net Assets came at 214,652 million yen as of the end of the fiscal year ended March 31, 2024, 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 the issuance of class shares and the issuance of new shares by way of 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.

(3) Overview of Cash Flows for the Fiscal Year ended March 31, 2024

	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

At the end of the fiscal year ended March 31, 2024, cash and cash equivalents (hereinafter referred to as “net cash”) amounted to 82,171 million yen, up 17,481 million yen from the beginning of the fiscal year. This was mainly due to an increase in profit.

(Cash flow from operating activities)

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)

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 store openings, purchase of securities, and purchase of shares of subsidiaries resulting in a change in scope of consolidation.

(Cash flow from financing activities)

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;

Free cash flow = Cash flow from operating activities + Cash flow from investing activities

(4) Future Outlook

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

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 manufacturing, logistics, and store sales.

2. Basic Policy on Selection of Accounting Standard

Most stakeholders of the Zensho Group are shareholders, creditors, business partners, et al. in Japan. Accordingly, the Japanese accounting standards have been adopted.

3. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance sheets

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2023)	End of Current fiscal year (As of March 31, 2024)
Assets		
Current Assets		
Cash and deposits	64,690	82,171
Accounts receivable - trade	28,747	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, net		
Buildings and structures	221,844	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	24,987	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	2,168	2,162
Guarantee deposits	33,845	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)	
	End of Previous fiscal year (As of March 31, 2023)	End of Current fiscal year (As of March 31, 2024)
Liabilities		
Current Liabilities		
Accounts payable - trade	29,319	43,148
Short-term borrowings	7,600	7,542
Current portion of bonds payable	—	10,000
Current portion of long-term borrowings	16,163	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	168,433	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

(2) 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	779,964	965,778
Cost of Sales	365,093	441,727
Gross Profit	414,871	524,050
Selling, General and Administrative Expenses	393,137	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	18	64
Insurance claim income	18	128
Compensation income	443	—
Gain on termination of retirement benefit plan	—	179
Other	289	202
Total extraordinary income	770	573
Extraordinary losses		
Loss on retirement of non-current assets	2,702	1,890
Impairment losses	1,503	1,350
Other	1,156	719
Total extraordinary losses	5,363	3,960
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 attributable to non-controlling interests	12	16
Profit attributable to owners of parent	13,265	30,693

(Consolidated Statements 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)
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	4,902	10,097
Comprehensive income	18,180	40,807
(Breakdown)		
Comprehensive income attributable to owners of parent	18,146	40,735
Comprehensive income attributable to non-controlling interests	34	26

(3) Consolidated Statements of Changes in Shareholders' Equity

Fiscal year ended March 31, 2023 (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

Fiscal year ended March 31, 2024 (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 effects 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 effects 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

(4) 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	1,504	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 receivables	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	—	(58,194)
Payments of leasehold and guarantee deposits	(2,008)	(2,027)
Proceeds from refund of leasehold and guarantee deposits	1,052	1,285
Purchase 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	64,690	82,171

(5) Notes on Consolidated Financial Statements
(Notes on Going Concern Assumptions)
Not applicable.

(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 fiscal year ended March 31, 2024.

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 fiscal year ended March 31, 2024, “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 fiscal year ended March 31, 2024, 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 fiscal year ended March 31, 2024, but this has no effect on the consolidated financial statements.

(Changes in Presentation)

(Consolidated Balance sheets)

The Company has included a portion of food ingredients, which were included in “merchandise and finished goods” under current assets in the previous fiscal year, in “raw materials and supplies” under current assets from the fiscal year ended March 31, 2024, 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 Company has reclassified 24,894 million yen of certain food ingredients presented in “merchandise and finished goods” under current assets in the previous fiscal year to “raw materials and supplies” under current assets.

(Additional Information)

(Board Benefit Trust (BBT))

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

(1) Overview of the deal

The System is a performance-linked stock compensation system under which the Company’s shares will be acquired through a trust with cash contributed by the Company as the source of funds, and the Company’s shares and cash

equivalent to the amount obtained by converting the Company's shares at fair value will be paid to Directors, etc., in accordance with the Executive Stock Benefit Regulations established by the Company. In principle, the time when Directors, etc., receive the Company's Shares, etc., will be after their retirement from office.

(2) Treasury shares remaining in the trust

Treasury shares remaining in the trust are recorded as treasury shares of the net assets at an carrying amount of the trust (excluding incidental expenses). Carrying amount and number of shares of such treasury shares are 1,056 million yen and 292 thousand shares, respectively, as of the end of the previous fiscal year, and 1,054 million yen and 291 thousand shares, respectively, as at the end of the fiscal year ended March 31, 2024.

(3) Carrying amount of borrowings recorded using gross method

Not applicable.

(Segment Information)

1. Overview of reporting segments

For the Group's reporting segments, these are, of the constituent units in the Group, those for which separate financial information are available and those that are subject of regular examination by the board of directors to make decisions on management resource allocation and assessment of performance.

Zensho Group operates food businesses in various fields, categorizes the following businesses as main reporting segments, and 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

From the fiscal year ended March 31, 2024, 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 "Significant matters for basis of preparation of consolidated financial statements" in "Notes to Consolidated Financial Statements." The profit in each segment is based on operating profit.

The Company does not allocate assets and liabilities in reporting segments.

3. Information on net sales, profits or losses by reporting segment

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

(Million yen)

	Reporting segment							Other (Note 1)	Total	Adjustment (Note 1)	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	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
Amortization of goodwill	—	1	557	389	445	17	1,412	171	1,583	—	1,583

(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 amount primarily consists of elimination of intersegment transactions and inventory adjustments.

3. The total amount of segment profit (loss) is adjusted with the operating profit in the consolidated statements 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 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	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
Amortization of goodwill	—	1	738	389	445	17	1,592	177	1,770	—	1,770

- (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 amount primarily consists of elimination of intersegment transactions and inventory adjustments.
3. The total amount of segment profit (loss) is adjusted with the operating profit in the consolidated statements of income.
4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.

(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	761.63 yen	1,171.76 yen
Net profit per share	87.30 yen	195.41 yen

(Notes) 1. Diluted net profit per share is not shown because there are no latent shares.

2. In the calculation of net assets per share, the Company shares 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 shares issued and outstanding at the end of the fiscal year, while in the calculation of net profit 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 end of the fiscal year 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 net profit per share is 171,182 shares for the previous fiscal year and 292,019 shares for the current fiscal year.

3. Net profit per share is calculated on the following bases:

	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 (Million yen)	13,265	30,693
Amount not attributable to ordinary shareholders (Million yen)	—	812
Net profit attributable to owners of parent relating to common stocks (Million yen)	13,265	29,881
Average number of shares during the period (Shares)	151,947,613	152,916,818

(Material Subsequent events)

Not applicable.