



Summary of Consolidated Financial Results for the Six Months Ended September 30, 2024 (Japanese Accounting Standards)

November 12, 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 semi-annual securities report: November 12, 2024
 Scheduled date for payment of dividends: December 3, 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 Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

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

	Net Sales		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
Six months ended	Million yen	%	Million yen	%	Million yen	%	Million yen	%
September 30, 2024	557,765	23.2	41,129	61.4	39,103	59.6	24,871	57.4
September 30, 2023	452,610	20.5	25,477	212.6	24,503	78.6	15,797	114.7

Note: Comprehensive income Six months ended September 30, 2024 9,663 million yen (58.6 %)
 Six months ended September 30, 2023 23,320 million yen (25.3 %)

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2024	153.57	—
September 30, 2023	104.18	—

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per share
	Million yen	Million yen	%	Yen
September 30, 2024	761,197	219,007	28.7	1,199.57
March 31, 2024	748,056	214,652	28.7	1,171.76

Reference: Shareholders' Equity: September 30, 2024 218,741 million yen March 31, 2024 214,385 million yen

2. Dividends

	Dividend per Share				
	End of Q1	End of Q2	End of Q3	Year-end	Full year
Fiscal Year ended	Yen	Yen	Yen	Yen	Yen
March 31, 2024	—	25.00	—	25.00	50.00
Fiscal Year ending					
March 31, 2025	—	35.00			
Fiscal Year ending					
March 31, 2025 (forecast)			—	35.00	70.00

Note: Revisions to dividend forecasts published recently: None

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
Full year	1,080,000	11.8	62,500	16.4	61,500	20.8	37,000	20.5	231.37

Note: Revisions to consolidated financial forecasts published recently: None

Notes

- (1) Significant changes in the scope of consolidation during the period : None
- (2) Application of particular accounting procedures in the preparation of semi-annual 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 : None
 - (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 September 30, 2024	160,733,225 shares	As of March 31, 2024	160,733,225 shares
(ii) Number of treasury stocks at the end of the period	As of September 30, 2024	4,068,684 shares	As of March 31, 2024	4,068,435 shares
(iii) Average number of shares outstanding during the term (cumulative from the beginning of the fiscal year)	Six months ended September 30, 2024	156,664,672 shares	Six months ended September 30, 2023	151,553,137 shares

Note: 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 shares of the Company's common stock held by Custody Bank of Japan, Ltd. (Trust Account) as assets in the Board Benefit Trust (BBT) are treated as treasury shares to be deducted.

* Semi-annual financial results reports are exempt from review conducted by certified accountants or an auditing firm.

* Explanation and other special notes concerning the appropriate use of forecasted 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.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 Six Months Ended September 30, 2024

In the six months ended September 30, 2024 (from April 1, 2024 to September 30, 2024), consolidated business performance was net sales of 557,765 million yen (up 23.2% year-on-year), operating profit of 41,129 million yen (up 61.4% year-on-year), ordinary profit of 39,103 million yen (up 59.6% year-on-year), and profit attributable to owners of parent of 24,871 million yen (up 57.4% year-on-year).

The business environment surrounding the Group continued to be uncertain, affected by factors including soaring raw material and energy prices due to the prolonged situation in Ukraine. Meanwhile, the lifting of movement restrictions led to the recovery of foot traffic and normalization of economic activity, as well as improvement in employment and income conditions, which continued to support a rebound in personal consumption from the previous period.

In the Group as well, demand was on the rise, with more families and groups utilizing relevant services mainly in the restaurant-related business.

Under these circumstances, year-on-year same store sales in each reporting segment were: up 7.9% in Global Sukiya, up 16.8% in Global Hamasushi, up 8.2% in Global Fast Food, up 11.5% in Restaurants, and down 1.6% in Retail.

As of the end of the six months ended September 30, 2024, the number of stores was 15,380 (including 8,287 franchised stores), the result of 543 store openings and 272 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 six months ended September 30, 2024, were 145,945 million yen (up 10.8% year-on-year) with operating profit of 13,422 million yen (up 32.5% 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,” “Gyudon with Mekabu Seaweed & Okra,” and “Sukiyaki Style Gyudon with Raw Egg,” among others.

Additionally, the number of stores in this reporting segment as of the end of the six months ended September 30, 2024, was 2,604 (1,954 domestic, 650 overseas), the result of 34 store openings and 62 closures.

(Global Hamasushi)

Net sales of Global Hamasushi during the six months ended September 30, 2024, were 117,119 million yen (up 24.8% year-on-year) with operating profit of 9,719 million yen (up 97.9% 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 six months ended September 30, 2024, was 702 (620 domestic, 82 overseas), the result of 35 store openings.

(Global Fast Food)

Net sales of Global Fast Food during the six months ended September 30, 2024, were 158,202 million yen (up 59.1% year-on-year) with operating profit of 14,547 million yen (up 185.6% 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, 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., Sushi Circle Gastronomie GmbH, and Wonderfield Topco Limited, which provide sushi takeout, as well as 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 six months ended September 30, 2024, was 10,737 (974 domestic, 9,763 overseas; including 8,210 franchises), the result of 467 store openings and 202 closures.

(Restaurants)

Net sales of Restaurants during the six months ended September 30, 2024, were 76,487 million yen (up 11.0% year-on-year) with operating profit of 5,494 million yen (up 68.2% year-on-year).

Coco's, a standard restaurant chain, is making 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 six months ended September 30, 2024, was 1,188 (1,187 domestic, 1 overseas; including 77 franchises), the result of 4 store openings and 5 closures.

(Retail)

Net sales of Retail during the six months ended September 30, 2024, were 38,492 million yen (down 1.8% year-on-year) with an operating loss of 787 million yen (operating loss of 798 million yen in the six months ended September 30, 2023).

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 six months ended September 30, 2024, was 130, the result of 1 store opening and 3 closures.

(Corporate and Support)

Net sales of Corporate and Support during the six months ended September 30, 2024, were 2,411 million yen (up 13.4% year-on-year) with operating profit of 95 million yen (down 96.8% year-on-year).

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

(Others)

Net sales of Others during the six months ended September 30, 2024, were 19,107 million yen (up 10.1% year-on-year) with an operating loss of 1,384 million yen (operating loss of 76 million yen in the six months ended September 30, 2023).

This segment includes Tolona Japan Co., Ltd., which plans, develops, and 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 Six Months Ended September 30, 2024

1) Assets, liabilities, and net assets

(Assets)

Assets amounted to 761,197 million yen as of the end of the six months ended September 30, 2024, an increase of 13,141 million yen compared with the previous fiscal year-end. This was mainly due to an increase in property, plant and equipment.

(Liabilities)

Liabilities amounted to 542,190 million yen as of the end of the six months ended September 30, 2024, an increase of 8,786 million yen compared with the previous fiscal year-end. This was mainly due to an increase in interest-bearing liabilities.

(Net Assets)

Net Assets came at 219,007 million yen as of the end of the six months ended September 30, 2024, an increase of 4,354 million yen compared with the previous fiscal year-end. This was mainly due to an increase in retained earnings and a decrease in foreign currency translation adjustment.

2) Cash flows

(Cash flow from operating activities)

Cash flow from operating activities resulted in an increase in net cash of 40,977 million yen (an increase in net cash of 44,296 million yen in the six months ended September 30, 2023). 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 30,318 million yen (a decrease in net cash of 81,447 million yen in the six months ended September 30, 2023). This was mainly due to the purchase of property, plant and equipment in association with store openings and refurbishments.

(Cash flow from financing activities)

Cash flow from financing activities resulted in a decrease in net cash of 16,628 million yen (an increase in net cash of 25,340 million yen in the six months ended September 30, 2023). This was mainly due to the repayment of interest-bearing liabilities.

As a result of the above, cash and cash equivalents decreased by 7,831 million yen from the previous fiscal year end and totaled 74,340 million yen as of the end of the six months ended September 30, 2024.

(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, 2025, announced on May 14, 2024.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance sheets

	(Million yen)	
	End of Previous fiscal year (As of March 31, 2024)	End of 2Q, Current fiscal year (As of September 30, 2024)
Assets		
Current Assets		
Cash and deposits	82,171	74,340
Accounts receivable - trade	46,727	47,817
Securities	19,907	19,245
Merchandise and finished goods	5,113	4,880
Work in process	2,731	3,961
Raw materials and supplies	41,058	51,712
Other	27,112	25,856
Allowance for doubtful accounts	(365)	(408)
Total current assets	224,457	227,407
Non-current assets		
Property, plant and equipment, net		
Buildings and structures	253,223	263,441
Accumulated depreciation	(147,862)	(151,398)
Buildings and structures, net	105,360	112,042
Machinery, equipment and vehicles	26,085	28,861
Accumulated depreciation	(14,146)	(15,159)
Machinery, equipment and vehicles, net	11,939	13,701
Other	220,917	238,956
Accumulated depreciation	(106,204)	(114,145)
Other, net	114,713	124,810
Total property, plant and equipment	232,013	250,555
Intangible assets		
Trade mark right	201,169	190,816
Goodwill	13,616	12,791
Other	5,493	5,768
Total intangible assets	220,279	209,376
Investments and other assets		
Investment securities	2,162	1,461
Guarantee deposits	38,074	38,991
Other	30,323	32,790
Allowance for doubtful accounts	(105)	(62)
Total investments and other assets	70,453	73,181
Total non-current assets	522,746	533,113
Deferred assets	852	676
Total assets	748,056	761,197

(Million yen)

	End of Previous fiscal year (As of March 31, 2024)	End of 2Q, Current fiscal year (As of September 30, 2024)
Liabilities		
Current Liabilities		
Accounts payable - trade	43,148	48,335
Short-term borrowings	7,542	5,498
Current portion of bonds payable	10,000	10,000
Current portion of long-term borrowings	26,735	30,752
Income taxes payable	14,966	12,817
Contract liabilities	860	879
Provisions	4,082	5,035
Other	73,368	78,832
Total current liabilities	180,704	192,151
Non-current liabilities		
Bonds payable	15,000	15,000
Long-term borrowings	224,369	221,574
Provisions	378	439
Retirement benefit liability	274	282
Asset retirement obligations	6,814	6,824
Other	105,862	105,916
Total non-current liabilities	352,699	350,038
Total liabilities	533,403	542,190
Net assets		
Shareholders' equity		
Share capital	47,497	47,497
Capital surplus	74,112	74,112
Retained earnings	85,461	104,973
Treasury shares	(13,715)	(13,718)
Total shareholders' equity	193,355	212,865
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	24	27
Deferred gains or losses on hedges	158	(4,617)
Foreign currency translation adjustment	20,845	10,466
Total accumulated other comprehensive income	21,029	5,876
Non-controlling interests	267	265
Total net assets	214,652	219,007
Total liabilities and net assets	748,056	761,197

(2) Semi-annual Consolidated Statements of Income and Comprehensive Income
(Semi-annual Consolidated Statements of Income)

	(Million yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Net sales	452,610	557,765
Cost of sales	206,312	249,672
Gross profit	246,297	308,093
Selling, general and administrative expenses	220,819	266,963
Operating profit	25,477	41,129
Non-operating income		
Interest income	353	1,025
Dividend income	1	2
Foreign exchange gains	232	489
Share of profit of entities accounted for using equity method	6	9
Other	593	930
Total non-operating income	1,187	2,457
Non-operating expenses		
Interest expenses	1,613	2,732
Other	548	1,751
Total non-operating expenses	2,161	4,483
Ordinary profit	24,503	39,103
Extraordinary income		
Compensation income	55	608
Gain on termination of retirement benefit plan	179	–
Other	79	255
Total extraordinary income	314	864
Extraordinary losses		
Loss on retirement of non-current assets	776	873
Other	458	1,701
Total extraordinary losses	1,234	2,575
Profit before income taxes	23,582	37,392
Income taxes – current	8,948	12,806
Income taxes – deferred	(1,161)	(290)
Total income taxes	7,786	12,516
Profit	15,795	24,876
Profit (loss) attributable to non-controlling interests	(1)	5
Profit attributable to owners of parent	15,797	24,871

(Semi-annual Consolidated Statements of Comprehensive Income)

	(Million yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Profit	15,795	24,876
Other comprehensive income		
Valuation difference on available-for-sale securities	72	2
Deferred gains or losses on hedges	1,123	(4,776)
Remeasurements of defined benefit plans	(58)	—
Foreign currency translation adjustment	6,345	(10,416)
Share of other comprehensive income of entities accounted for using equity method	40	(22)
Total other comprehensive income	7,524	(15,212)
Comprehensive income	23,320	9,663
(Breakdown)		
Comprehensive income attributable to owners of parent	23,315	9,664
Comprehensive income attributable to non-controlling interests	4	(0)

(3) Semi-annual Consolidated Statements of Cash Flows

	(Million yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash flows from operating activities		
Profit before income taxes	23,582	37,392
Depreciation	16,358	22,303
Amortization of goodwill	878	760
Increase (decrease) in provision for bonuses	740	955
Increase (decrease) in provision for share awards	135	61
Interest and dividends income	(355)	(1,028)
Interest expenses	1,613	2,732
Decrease (increase) in trade receivables	(3,151)	(2,081)
Decrease (increase) in inventories	(1,725)	(11,267)
Increase (decrease) in trade receivables	4,003	5,865
Increase (decrease) in accrued consumption taxes	1,749	(3,416)
Decrease (increase) in other current assets	(2,526)	(220)
Decrease (increase) in other non-current assets	1,053	1,028
Increase (decrease) in other current liabilities	3,517	2,334
Increase (decrease) in other non-current liabilities	350	(418)
Other, net	11	1,598
Subtotal	46,237	56,599
Interest and dividends received	251	554
Interest paid	(1,584)	(2,688)
Income taxes paid	(607)	(13,488)
Net cash provided by (used in) operating activities	44,296	40,977
Cash flows from investing activities		
Purchase of securities	—	(16,000)
Proceeds from sale of securities	—	16,000
Purchase of property, plant and equipment	(18,523)	(27,509)
Proceeds from sales of property, plant and equipment	12	219
Purchase of intangible assets	(952)	(1,173)
Purchase of long-term prepaid expenses	(238)	(368)
Purchase of long-term investment securities	(467)	(343)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(58,194)	—
Payments of leasehold and guarantee deposits	(979)	(1,327)
Proceeds from refund of leasehold and guarantee deposits	604	528
Purchase of long term prepaid rents	(374)	(268)
Other, net	(2,333)	(75)
Net cash provided by (used in) investing activities	(81,447)	(30,318)

	(Million yen)	
	Six months ended September 30, 2023 (From April 1, 2023 to September 30, 2023)	Six months ended September 30, 2024 (From April 1, 2024 to September 30, 2024)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(3,815)	(3,137)
Proceeds from long-term borrowings	107,383	38,253
Repayments of long-term borrowings	(93,004)	(37,598)
Repayments of lease liabilities	(6,040)	(9,617)
Proceeds from issuance of shares	29,318	—
Purchase of treasury shares	(6,796)	(3)
Dividends paid	(1,831)	(4,720)
Other, net	126	195
Net cash provided by (used in) financing activities	25,340	(16,628)
Effect of exchange rate change on cash and cash equivalents	1,834	(2,450)
Net increase (decrease) in cash and cash equivalents	(9,975)	(8,421)
Beginning balance of cash and cash equivalents	64,690	82,171
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	494	589
Ending balance of cash and cash equivalents	55,209	74,340

(4) Notes on Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Segment Information)

[Segment Information]

I Six months ended September 30, 2023 (April 1, 2023 to September 30, 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 Semi-annual 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	131,731	93,832	99,458	68,917	39,191	2,125	435,256	17,354	452,610	—	452,610
Intersegment sales or transfers (Note 4)	140	0	9	77	239	172,538	173,006	5,599	178,606	(178,606)	—
Total	131,872	93,832	99,468	68,994	39,430	174,663	608,262	22,953	631,216	(178,606)	452,610
Segment profit (loss)	10,133	4,910	5,093	3,266	(798)	2,967	25,572	(76)	25,495	(17)	25,477

- (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 (17) million yen to segment profit (loss) 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 semi-annual consolidated statements of income.
4. Intersegment sales or transfers amounts are calculated based on prevailing market prices.
5. The segment information above shows amounts reflecting the finalization of provisional accounting treatment described in “Business combinations.”

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 in Global Fast Food and making these companies subsidiaries, goodwill increased by 3,007 million yen and 565 million yen, respectively.

The increase in goodwill is the amount reflecting the finalization of provisional accounting treatment described in “Business combinations.”

(Significant profit on negative goodwill)

Not applicable.

II Six months ended September 30, 2024 (April 1, 2024 to September 30, 2024)

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 Semi-annual 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	145,945	117,119	158,202	76,487	38,492	2,411	538,658	19,107	557,765	—	557,765
Intersegment sales or transfers (Note 4)	148	0	6	68	397	196,810	197,431	6,860	204,291	(204,291)	—
Total	146,093	117,119	158,209	76,555	38,889	199,221	736,089	25,967	762,056	(204,291)	557,765
Segment profit (loss)	13,422	9,719	14,547	5,494	(787)	95	42,491	(1,384)	41,106	22	41,129

- (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 22 million yen to segment profit (loss) 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 semi-annual 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.

(Business Combinations)

Regarding the business combination with Sushi Circle Gastronomie GmbH on May 23, 2023 (deemed acquisition date: June 30, 2023), although the Company applied a provisional accounting treatment for the six months ended September 30, 2023, this treatment was finalized for the fiscal year ended March 31, 2024. As a result, goodwill of 6,922 million yen provisionally calculated decreased by 6,357 million yen to 565 million yen.

In addition, regarding the business combination with SnowFox Topco Limited (current Wonderfield Topco Limited) on September 15, 2023 (deemed acquisition date: September 30, 2023), although the Company applied a provisional accounting treatment for the six months ended September 30, 2023, this treatment was finalized for the fiscal year ended March 31, 2024.

As a result, goodwill of 89,561 million yen provisionally calculated decreased by the full amount. Consequently, in the semi-annual consolidated statements of income for the six months ended September 30, 2023, selling, general and administrative expenses decreased by 82 million yen and operating profit, ordinary profit, profit before income taxes, profit, and profit attributable to owners of parent increased by the same amount.