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Expanding the MMD system
to every corner of the world.

*Every person takes the limits of their own field
of vision for the limits of the world.*

– Schopenhauer

Onaruto Bridge & the Naruto whirlpools, Tokushima Prefecture

Notice of the 42nd Ordinary General Meeting of Shareholders

Date and Time:

10:00 a.m. on Thursday, **June 27, 2024**
(Reception scheduled to open at 9:00 a.m.)

Venue:

“Prominence” Ballroom, B1F,
ANA InterContinental Tokyo
1-12-33 Akasaka, Minato-ku, Tokyo

Proposal to be resolved

Proposal: Election of 9 Directors (excluding
Directors who are Members of the
Audit & Supervisory Committee)

Deadline for Exercising Voting Rights by Mail or via the Internet, etc.:

Delivery by 5:30 p.m. on Wednesday, June 26,
2024

There will be no souvenirs for our shareholders attending
the General Meeting of Shareholders this year.

ZENSHO

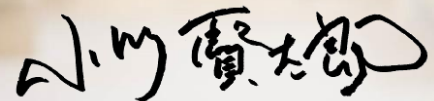
Zensho Holdings Co., Ltd.
(Securities Code: 7550)

To Our Shareholders

Representing the food service industry originated in Japan, we will pursue further growth to be the first to achieve net sales exceeding 1 trillion yen.

We are dedicated to taking responsibility for the stability and development of human society.

Kentaro Ogawa
Representative Director, Chairman,
President & CEO
Zensho Holdings Co., Ltd.



Thank you for your continued kind support.

First of all, we would like to express our deepest condolences to those who lost their lives in the Noto Peninsula Earthquake that occurred in 2024, and our heartfelt sympathy to all those who were affected by this earthquake.

I would like to take this opportunity to address you as you read this Notice of the 42nd (fiscal year ended March 31, 2024) Ordinary General Meeting of Shareholders.

Our business results for the fiscal year under review were net sales of 965,778 million yen, the

highest ever, as well as record highs in operating profit and ordinary profit.

This fiscal year, we are on track to become the first food service company originated in Japan to achieve net sales exceeding 1 trillion yen. We will continue to pursue initiatives for further growth.

“Taking responsibility for the stability and development of human society.” This is the evolved philosophy of the Zensho Group. The world has become more unstable; however, we, through food, will contribute to the realization of a world in which all people can live in a stable society.

We hope that you, our shareholders, will continue to support us as partners in realizing our philosophy.

To Shareholders with Voting Rights:

Kentaro Ogawa, Representative Director,
Chairman, President & CEO
Zensho Holdings Co., Ltd.
2-18-1 Konan, Minato-ku, Tokyo

Notice of the 42nd Ordinary General Meeting of Shareholders

Dear Shareholders:

Thank you for your continued patronage and support.

Notice is hereby given that the 42nd Ordinary General Meeting of Shareholders of Zensho Holdings Co., Ltd. (the “Company”) will be held for the purposes as described below.

In convening this General Meeting of Shareholders, measures for electronic provision of information are implemented. The matters subject to the measures for electronic provision are posted on the following websites on the Internet as the Notice of the 42nd Ordinary General Meeting of Shareholders.

The Company’s website
<https://www.zensho.co.jp/en/ir/investor/shareholders.html>



In addition to the website above, the Company also posts this information on the Tokyo Stock Exchange (TSE)’s website. Please access the TSE’s website (TSE Listed Company Search) below, enter and search for the issue name (company name) or the securities code, select “Basic information” and “Documents for public inspection/PR information,” in that order, and inspect the information.

TSE’s website
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



If you are unable to attend the meeting, you may exercise your voting rights in writing or via the Internet, etc. In either case, please complete the procedures such that the exercise of your voting rights arrives by 5:30 p.m. on Wednesday, June 26, 2024, Japan time.

1. Date and time	Thursday, June 27, 2024, at 10:00 a.m. Japan time
2. Location	“Prominence” Ballroom, B1F, ANA InterContinental Tokyo 1-12-33 Akasaka, Minato-ku, Tokyo
3. Meeting Agenda Matters to be reported	1. The Business Report, Consolidated Financial Statements, and results of audits by the Accounting Auditor and Audit & Supervisory Committee of the Consolidated Financial Statements for the 42nd fiscal year (April 1, 2023, to March 31, 2024) 2. Non-consolidated Financial Statements for the 42nd fiscal year (April 1, 2023, to March 31, 2024)
Proposal to be resolved:	Proposal Election of 9 Directors (excluding Directors who are Members of the Audit & Supervisory Committee)

- Regarding paper-based documents sent to shareholders who have requested delivery of paper-based documents Pursuant to the stipulations of laws and regulations and Article 16 of the Company’s Articles of Incorporation, the following matters are not included in said documents.
The Audit & Supervisory Committee and the Accounting Auditor audit the documents subject to audit, which include the following matters.

- (1) “Systems to Secure the Appropriateness of Operations,” “Operational Status of Systems to Secure the Appropriateness of Operations” and “Method for Determining Dividends of Surplus, etc.” of the Business Report,
- (2) “Consolidated Statement of Changes in Shareholders’ Equity” and “Notes to Consolidated Financial Statements” of the Consolidated Financial Statements
- (3) “Non-consolidated Statement of Changes in Shareholders’ Equity” and “Notes to the Non-consolidated Financial Statements” of the Non-consolidated Financial Statements

In the event of any revisions to the matters subject to the measures for electronic provision, the revisions will be posted on the respective website where they are posted.

Guide to the Exercise of Voting Rights

Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights. The following three methods are available for the exercise of voting rights.

If attending the General Meeting of Shareholders

Date and time: **Thursday, June 27, 2024, at 10:00 a.m.**

Please submit the enclosed Voting Rights Exercise Form at the reception desk.

If mailing the Voting Rights Exercise Form

Exercise deadline: **Wednesday, June 26, 2024, at 5:30 p.m.**

Please indicate your vote for or against the proposals on the enclosed Voting Rights Exercise Form and reply such that it arrives by the exercise deadline. If no indication of for or against is made on the Form, it will be treated as a vote for the proposals.

If exercising voting rights via the Internet

Exercise deadline: **Wednesday, June 26, 2024, at 5:30 p.m.**

Please access the Voting Rights Exercise Website (<https://www.web54.net>) designated by the Company and exercise your voting rights.

Entering voting rights exercise code and password

Voting Rights Exercise Website: <https://www.web54.net>

1. Please access the Voting Rights Exercise Website.
2. Please enter the "Voting Rights Exercise Code" indicated on the Voting Rights Exercise Form.
Enter the "Voting Rights Exercise Code"
Click "Login"
3. Please enter the "Password" indicated on the Voting Rights Exercise Form.
Enter the "Password" and set a new password that you will actually use.
Click "Register"
4. Indicate your vote for or against in accordance with the on-screen instructions.

"Smart Exercise" by reading the QR Code with a smartphone

You can login to the Voting Rights Exercise Website without entering a Voting Rights Exercise Code or password.

1. Please read the QR Code provided on the bottom right of the Voting Rights Exercise Form.
* "QR Code" is a registered trademark of DENSO WAVE INCORPORATED.
2. Indicate your vote for or against in accordance with the on-screen instructions.

Voting rights may be exercised via "Smart Exercise" only once.

If changing your vote after you have exercised your voting rights, please access the Voting Rights Exercise Website, login with the "Voting Rights Exercise Code" and "Password" indicated on the Voting Rights Exercise Form and exercise your voting rights again.

Please contact the support desk below for any questions regarding the operation of a personal computer or smartphone for the exercise of voting rights via the Internet.

Dedicated line, Securities Agency Web Support, Sumitomo Mitsui Trust Bank
Phone number: 0120-652-031 (Toll free within Japan)
(Hours of operation: 9:00 a.m. to 9:00 p.m.)

- If voting rights are exercised multiple times, the last one to arrive at the Company will be deemed as the valid vote.
Additionally, if voting rights are exercised via the Internet, etc. and voting rights exercised in writing arrive on the same day, the voting rights exercised via the Internet, etc. will be deemed as the valid vote.
- If voting rights are exercised multiple times via the Internet, etc., or if voting rights are exercised in duplicate via personal computer and smartphone, the last vote to be exercised will be deemed as the valid vote.

To institutional investors:

Institutional investors may use the "Electronic Voting System Platform" operated by ICJ, Inc. as a method of exercising voting rights.

Reference Documents for the General Meeting of Shareholders

Proposal Election of 9 Directors (excluding Directors who are Members of the Audit & Supervisory Committee)

The terms of office of all 9 Directors (excluding Directors who are Members of the Audit & Supervisory Committee) will expire at the conclusion of this Ordinary General Meeting of Shareholders.

As a result, the Company proposes the election of the following 9 persons as Directors (excluding Directors who are Members of the Audit & Supervisory Committee).


The candidates for Directors (excluding Directors who are Members of the Audit & Supervisory Committee) are as follows.

Candidate No.		Name		Current position at the Company
1	Reelection	Kentaro Ogawa		Representative Director, Chairman, President & CEO
2	Reelection	Yohei Ogawa		Managing Executive Director
3	Reelection	Shinya Nonoshita		Managing Executive Director
4	Reelection	Makoto Hirano		Director
5	Reelection	Kazumasa Ogawa		Director
6	Reelection	Chiaki Ito	Outside Independent	Outside Director
7	Reelection	Takaharu Ando	Outside Independent	Outside Director
8	Reelection	Shoei Yamana	Outside Independent	Outside Director
9	Reelection	Reiko Nagatsuma	Outside Independent	Outside Director

<p>Candidate No. 1</p>  <p>Reelection Kentaro Ogawa Born: July 29, 1948</p> <ul style="list-style-type: none"> ▪ Term of office as Director: 42 years (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 3,170,408 shares of common stock 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">June 1982</td> <td>Established the Company, Representative Director and President</td> </tr> <tr> <td style="vertical-align: top;">September 2000</td> <td>Representative Director and President, the Company Director and Chairman, Coco's Japan Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">June 2007</td> <td>Representative Director and President, the Company Director and Chairman, Sunday Sun Co., Ltd. (currently Jolly-Pasta Co., Ltd.)</td> </tr> <tr> <td style="vertical-align: top;">June 2009</td> <td>Representative Director, Chairman, President & CEO, the Company (current position)</td> </tr> <tr> <td style="vertical-align: top;">June 2021</td> <td>Representative Director and President, Global MD Holdings Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">October 2022</td> <td>Representative Director and President, Nihon Retail Holdings Co., Ltd.</td> </tr> </table> <ul style="list-style-type: none"> • Significant concurrent positions <p>Chairman, Federation of National Livelihood Industries and Consumer Organizations (Seidanren) Representative Director, Nihon Create Co., Ltd. President, Ogawa Kentaro Scholarship Foundation</p> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Director <p>Since founding the Company in 1982, he has demonstrated exemplary management abilities and strong leadership for the past 40 years toward realizing the vision "to eradicate hunger and poverty from the world," and has grown the Group to become Japan's largest food service company. He has also expanded the food service business overseas and is working to create the "top food service company in the world" by expanding into the food retailing business and nursing care business, etc. He has been selected as a candidate for Director to enable him to support management into the future as the Company's chief executive.</p>	June 1982	Established the Company, Representative Director and President	September 2000	Representative Director and President, the Company Director and Chairman, Coco's Japan Co., Ltd.	June 2007	Representative Director and President, the Company Director and Chairman, Sunday Sun Co., Ltd. (currently Jolly-Pasta Co., Ltd.)	June 2009	Representative Director, Chairman, President & CEO, the Company (current position)	June 2021	Representative Director and President, Global MD Holdings Co., Ltd.	October 2022	Representative Director and President, Nihon Retail Holdings Co., Ltd.
June 1982	Established the Company, Representative Director and President												
September 2000	Representative Director and President, the Company Director and Chairman, Coco's Japan Co., Ltd.												
June 2007	Representative Director and President, the Company Director and Chairman, Sunday Sun Co., Ltd. (currently Jolly-Pasta Co., Ltd.)												
June 2009	Representative Director, Chairman, President & CEO, the Company (current position)												
June 2021	Representative Director and President, Global MD Holdings Co., Ltd.												
October 2022	Representative Director and President, Nihon Retail Holdings Co., Ltd.												

<p>Candidate No. 2</p>  <p>Reelection Yohei Ogawa Born: August 30, 1979</p> <ul style="list-style-type: none"> ▪ Term of office as Director: 7 years (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 3,160,800 shares of common stock 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <p>April 2004 Joined Ministry of Finance</p> <p>June 2016 Joined the Company; General Manager, Business Management Strategy Office</p> <p> Executive Officer and Senior General Manager, Group Business Management Strategy Division, the Company</p> <p>June 2017 Director and Senior General Manager, Group Business Management Strategy Division, the Company</p> <p>November 2018 Director and Senior General Manager, Group Business Management Strategy Division, the Company</p> <p> Chairman of the Board, Advanced Fresh Concepts Corp.</p> <p>September 2020 Director, in charge of Global Business, and Senior General Manager, Global Sushi Business Division, the Company</p> <p>October 2020 Director and Senior General Manager, Business Management Strategy Division, the Company</p> <p>April 2021 Director and Senior General Manager, Global Operations Division, the Company</p> <p>June 2021 Managing Executive Director, Senior General Manager, Business Management Strategy Division, Senior General Manager, Global Operations Division, the Company</p> <p>June 2023 Managing Executive Director, Senior General Manager, Business Management Strategy Division, Senior General Manager, Global Operations Division, the Company</p> <p> Chairman, Zensho China Holdings Co., Ltd. (current position)</p> <p>October 2023 Managing Executive Director, Senior General Manager, Business Management Strategy Division, in charge of Global Operations Division, the Company</p> <p>November 2023 Managing Executive Director, Senior General Manager, Business Management Strategy Division (current position), in charge of Global Operations Division, in charge of Global Sushi PMI Department, the Company (current position)</p> <ul style="list-style-type: none"> • Significant concurrent positions <p>Chairman, Zensho China Holdings Co., Ltd.</p> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Director <p>Based on his advanced insight and wealth of experience gained at the Ministry of Finance, he is overseeing the overall Global Business and is demonstrating his abilities as the Director and Chairman of a U.S.-based sushi takeout company. Currently, as the Senior General Manager of the Business Management Strategy Division, he is working to promote the business integration of overseas sushi takeout companies and advance the formulation of management strategies, technology strategies, and rebranding in view of the entire Group's future expansion.</p> <p>Based on a wealth of experience and knowledge of the Group, the Company has determined that he can continue to contribute to the development of the Group's business and has thus selected him as a candidate for Director.</p>
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<p>Candidate No. 3</p>  <p>Reelection Shinya Nonoshita Born: May 2, 1954</p> <ul style="list-style-type: none"> ▪ Term of office as Director: 5 years (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 17,869 shares of common stock 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <p>April 1979 Joined IBM Japan, Ltd. January 2005 Manager of eServer iSeries April 2007 Joined the Company; Executive Officer and Senior General Manager, Group IT Division November 2018 Executive Officer and Senior General Manager, Group IT & Engineering Division, the Company June 2019 Director and Senior General Manager, Group IT & Engineering Division, the Company June 2021 Director and Senior General Manager, Group IT Division, the Company June 2022 Managing Executive Director and Senior General Manager, Group IT Division, the Company (current position)</p> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Director <p>He has a wealth of knowledge and experience regarding information technology (IT), and after joining the Company, he has worked to consistently strengthen the Group's IT sector based on this knowledge.</p> <p>The Company has determined that he will continue to work toward creating further synergies between IT, AI, and technology and contribute to business transformation and growth through DX and has thus selected him as a candidate for Director.</p>
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<p>Candidate No. 4</p>  <p>Reelection Makoto Hirano Born: December 2, 1958</p> <ul style="list-style-type: none"> ▪ Term of office as Director: 20 years (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 18,900 shares of common stock 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <p>April 1982 Joined Nestlé Japan Ltd. April 2001 Representative Director and President, Nestlé Purina PetCare Ltd. April 2004 Joined the Company June 2004 Director, the Company November 2005 Director and General Manager, Food Safety Pursuing Department, the Company October 2010 Director and Senior General Manager, Group Corporate Communications Division, the Company July 2013 Director and Senior General Manager, Food Safety Pursuing Division, the Company April 2018 Representative Director and President, GFF Co., Ltd. April 2018 Director, the Company April 2018 Representative Director and President, Zensho Factory Holdings Co., Ltd. February 2019 Director and Senior General Manager, Group Food Safety Assurance Division, the Company October 2023 Director and Senior General Manager, Group Food Safety Standards Division, the Company (current position)</p> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Director <p>He has a wide range of experience and insight in operations concerning the Company's overall food safety management and has been advancing operations based on this experience and insight as the person in charge of the Company's division supervising food safety.</p> <p>The Company has determined that he can continue to contribute to strengthening the Company's structures in safety management for foods, and has thus selected him as a candidate for Director.</p>
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<p>Candidate No. 5</p>  <p>Reelection Kazumasa Ogawa Born: April 17, 1977</p> <ul style="list-style-type: none"> ▪ Term of office as Director: 15 years (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 3,160,800 shares of common stock 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 15%; vertical-align: top;">April 2001</td> <td>Joined Nissho Electronics Corporation</td> </tr> <tr> <td style="vertical-align: top;">May 2006</td> <td>Joined the Company; Manager, Subsidiary Administration Office</td> </tr> <tr> <td style="vertical-align: top;">June 2009</td> <td>Director, the Company</td> </tr> <tr> <td style="vertical-align: top;">January 2013</td> <td>Director and Senior General Manager, Global Operations Division, the Company</td> </tr> <tr> <td style="vertical-align: top;">June 2014</td> <td>Managing Executive Director and Senior General Manager, Global Operations Division, the Company</td> </tr> <tr> <td style="vertical-align: top;">July 2018</td> <td>Managing Executive Director and Senior General Manager, Group Merchandising Division, the Company</td> </tr> <tr> <td style="vertical-align: top;">May 2019</td> <td>Managing Executive Director, the Company</td> </tr> <tr> <td style="vertical-align: top;">June 2020</td> <td>Representative Director and President, Sukiya Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">June 2020</td> <td>Director, Deputy President, the Company</td> </tr> <tr> <td style="vertical-align: top;">April 2021</td> <td>Representative Director and President, Sukiya Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">April 2021</td> <td>Director, Deputy President, the Company</td> </tr> <tr> <td style="vertical-align: top;">April 2021</td> <td>Representative Director and President, Nihon Retail Holdings Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">April 2021</td> <td>Representative Director and President, Joy Mart Co., Ltd.</td> </tr> <tr> <td style="vertical-align: top;">October 2022</td> <td>Director, Deputy President and President of Zensho Japanese Culture Center, the Company (current position)</td> </tr> <tr> <td style="vertical-align: top;">June 2023</td> <td>Director, the Company (current position)</td> </tr> </table> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Director <p>Since joining the Company in 2006, he has strongly promoted global store expansion, and has contributed to the development of the overseas business. Subsequently, he has contributed to improving business results as the person responsible for the Company's mainstay Sukiya business and retail business while working to further improve brand recognition as the executive responsible for design. He is currently working to preserve and develop Japanese culture both in Japan and overseas as President of Zensho Japanese Culture Center based on this experience and insight.</p> <p>Based on his wealth of experience and insight into the Group, the Company has determined that he can contribute to the development of the Group's business into the future and has thus selected him as a candidate for Director.</p>	April 2001	Joined Nissho Electronics Corporation	May 2006	Joined the Company; Manager, Subsidiary Administration Office	June 2009	Director, the Company	January 2013	Director and Senior General Manager, Global Operations Division, the Company	June 2014	Managing Executive Director and Senior General Manager, Global Operations Division, the Company	July 2018	Managing Executive Director and Senior General Manager, Group Merchandising Division, the Company	May 2019	Managing Executive Director, the Company	June 2020	Representative Director and President, Sukiya Co., Ltd.	June 2020	Director, Deputy President, the Company	April 2021	Representative Director and President, Sukiya Co., Ltd.	April 2021	Director, Deputy President, the Company	April 2021	Representative Director and President, Nihon Retail Holdings Co., Ltd.	April 2021	Representative Director and President, Joy Mart Co., Ltd.	October 2022	Director, Deputy President and President of Zensho Japanese Culture Center, the Company (current position)	June 2023	Director, the Company (current position)
April 2001	Joined Nissho Electronics Corporation																														
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April 2021	Representative Director and President, Nihon Retail Holdings Co., Ltd.																														
April 2021	Representative Director and President, Joy Mart Co., Ltd.																														
October 2022	Director, Deputy President and President of Zensho Japanese Culture Center, the Company (current position)																														
June 2023	Director, the Company (current position)																														

Candidate No. 6



Reelection
Outside
Independent

Chiaki Ito

Born: October 10, 1947

▪ **Term of office as Outside**

Director: 9 years (at the conclusion of this General Meeting of Shareholders)

▪ **Number of the Company's shares held:**
0 shares

• **Past experience, positions, and responsibilities**

April 1970 Joined Fujitsu Limited
June 2002 Corporate Vice President and Group President, Personal Systems Business Group
June 2004 Member of the Board, Corporate Executive Vice President, and responsible for Products Division
June 2006 Corporate Senior Executive Vice President and Representative Director
June 2008 Member of the Board and Vice Chairman
April 2010 Representative Director and Chairman, Fujitsu Research Institute
June 2013 Outside Director, Hitachi Zosen Corporation
June 2015 Outside Director, the Company (current position)
 Outside Director, OBIC Business Consultants Co., Ltd. (current position)

• **Significant concurrent positions**

Outside Director, OBIC Business Consultants Co., Ltd.

• **Reasons for selection as a candidate for Outside Director and expected roles**

In addition to a wealth of technological knowledge and experience in the information telecommunications technology sector at Fujitsu Limited, he also has a wealth of experience and wide insight as a corporate manager. While the Company expects him to provide advice based on such insight, he has not only provided appropriate opinions and advice at meetings of the Board of Directors, but has also offered useful advice on business transformation and growth through DX, such as providing the Company with the latest information in the field of IT and DX. Thus, the Company has selected him as a candidate for Outside Director.

The Company expects that he will continue to contribute to enriching and strengthening areas such as corporate governance and technological innovation while providing supervision and oversight of the Company's management from an independent standpoint for the improvement of corporate value over the medium to long term.

Candidate No. 7



Reelection
Outside
Independent

Takaharu Ando

Born: August 31, 1949

- **Term of office as Outside Director:** 7 years (at the conclusion of this General Meeting of Shareholders)
- **Number of the Company's shares held:** 0 shares

• **Past experience, positions, and responsibilities**

- April 1972 Joined National Police Agency
- August 1999 General Manager, Public Security Bureau, Tokyo Metropolitan Police Department
- August 2004 Commissioner, General's Secretariat, National Police Agency
- June 2009 Commissioner General
- May 2013 Outside Director, Nitori Holdings Co., Ltd.
- June 2016 Outside Director, Amuse Inc. (current position)
- June 2017 Outside Director, the Company (current position)
- June 2018 Outside Director, Tobu Railway Co., Ltd. (current position)
- June 2018 Outside Director, Tobu Railway Co., Ltd. (current position)
- May 2020 Outside Director (Audit & Supervisory Committee Member), Nitori Holdings Co., Ltd.
- June 2022 Outside Director (Member of the Audit & Supervisory Committee), Nisshin Seifun Group Inc. (current position)
- March 2023 Outside Director, Rakuten Group, Inc. (current position)

• **Significant concurrent positions**

- Outside Director, Amuse Inc.
- Outside Director, Tobu Railway Co., Ltd.
- Outside Director (Member of the Audit & Supervisory Committee), Nisshin Seifun Group Inc.
- Outside Director, Rakuten Group, Inc.

• **Reasons for selection as a candidate for Outside Director and expected roles**

He has served in important positions such as Commissioner General of the National Policy Agency and has a wealth of experience and wide insights. Although he has not been involved in corporate management other than as an outside officer, while the Company expects him to provide advice based on his professional experience and knowledge, he has expressed his opinions appropriately as a member of the Nomination and Compensation Committee and provided useful advice on management. Thus, the Company has selected him as a candidate for Outside Director.

The Company expects that he will continue contributing to enriching and enhancing corporate governance, compliance, and risk management while providing supervision and oversight of the Company's management from an independent standpoint as a member of the Nomination and Compensation Committee for the improvement of corporate value over the medium to long term.

<p>Candidate No. 8</p>  <p>Reelection Outside Independent Shohei Yamana Born: November 18, 1954</p> <ul style="list-style-type: none"> ▪ Term of office as Outside Director: 1 year (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 0 shares 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <table border="0"> <tr> <td style="padding-right: 10px;">April 1977</td> <td>Joined Minolta Camera Co., Ltd. (currently Konica Minolta, Inc.)</td> </tr> <tr> <td>July 2002</td> <td>Executive Officer and General Manager of Management Planning Div., Planning Headquarters, Minolta Co., Ltd. (currently Konica Minolta, Inc.)</td> </tr> <tr> <td>August 2003</td> <td>Senior Executive Officer, Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.)</td> </tr> <tr> <td>June 2006</td> <td>Director and Senior Executive Officer, Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.)</td> </tr> <tr> <td>April 2013</td> <td>Director and Senior Managing Executive Officer, Konica Minolta, Inc.</td> </tr> <tr> <td>April 2014</td> <td>Director, President and CEO, and Representative Executive Officer, Konica Minolta, Inc.</td> </tr> <tr> <td>April 2022</td> <td>Director, Executive Chairman and Executive Officer, Konica Minolta, Inc.</td> </tr> <tr> <td>June 2022</td> <td>Outside Director, TDK Corporation (current position)</td> </tr> <tr> <td>June 2023</td> <td>Outside Director, the Company (current position)</td> </tr> </table> <ul style="list-style-type: none"> • Significant concurrent positions <p>Outside Director, TDK Corporation</p> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Outside Director and expected roles <p>Having served as a representative of Konica Minolta, Inc., he has a wealth of experience and wide insight as a corporate manager at a company that has expanded its business globally. The Company expects him to make use of this experience and insight to offer advice and suggestions in order to oversee the Company's management in general and ensure the legality and appropriateness of decision-making by the Board of Directors. Thus, the Company has selected him as a candidate for Outside Director.</p> <p>The Company expects that he will contribute to strengthening the world-wide management structure while providing supervision and oversight of the Company's management from an independent standpoint for the improvement of corporate value over the medium to long term.</p>	April 1977	Joined Minolta Camera Co., Ltd. (currently Konica Minolta, Inc.)	July 2002	Executive Officer and General Manager of Management Planning Div., Planning Headquarters, Minolta Co., Ltd. (currently Konica Minolta, Inc.)	August 2003	Senior Executive Officer, Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.)	June 2006	Director and Senior Executive Officer, Konica Minolta Holdings, Inc. (currently Konica Minolta, Inc.)	April 2013	Director and Senior Managing Executive Officer, Konica Minolta, Inc.	April 2014	Director, President and CEO, and Representative Executive Officer, Konica Minolta, Inc.	April 2022	Director, Executive Chairman and Executive Officer, Konica Minolta, Inc.	June 2022	Outside Director, TDK Corporation (current position)	June 2023	Outside Director, the Company (current position)
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April 2022	Director, Executive Chairman and Executive Officer, Konica Minolta, Inc.																		
June 2022	Outside Director, TDK Corporation (current position)																		
June 2023	Outside Director, the Company (current position)																		

<p>Candidate No. 9</p>  <p>Reelection Outside Independent Reiko Nagatsuma Born: October 16, 1974</p> <ul style="list-style-type: none"> ▪ Term of office as Outside Director: 1 year (at the conclusion of this General Meeting of Shareholders) ▪ Number of the Company's shares held: 0 shares 	<ul style="list-style-type: none"> • Past experience, positions, and responsibilities <table border="0"> <tr> <td style="padding-right: 10px;">April 1998</td> <td>Joined Kokusai Denshin Denwa Co., Ltd. (currently KDDI Corporation)</td> </tr> <tr> <td>April 2001</td> <td>Joined Tokyo FM Broadcasting Co., Ltd.</td> </tr> <tr> <td>July 2003</td> <td>Joined Microsoft Japan Company, Limited</td> </tr> <tr> <td>April 2009</td> <td>Joined Amazon Japan G.K.</td> </tr> <tr> <td>March 2018</td> <td>General Manager, Seller Service Business Division, Amazon Japan G.K.</td> </tr> <tr> <td>November 2021</td> <td>Managing Director, Twitter Japan</td> </tr> <tr> <td>March 2023</td> <td>External Director, Medley, Inc. (current position)</td> </tr> <tr> <td>June 2023</td> <td>Outside Director, the Company (current position)</td> </tr> </table> <ul style="list-style-type: none"> • Significant concurrent positions <p>External Director, Medley, Inc.</p> <ul style="list-style-type: none"> • Reasons for selection as a candidate for Outside Director and expected roles <p>Having served at global IT corporations for many years, she has worked towards furthering networking and digital services and possesses advanced insight into the fields of IT and DX. In addition, she has experience as a corporate manager from her participation in management as Managing Director of Twitter Japan. The Company has determined that she will make use of this experience and insight to offer useful advice on business transformation and the expansion of business areas for the Group companies, and has thus selected her as a candidate for Outside Director.</p> <p>The Company expects that she will contribute to enriching and strengthening technological innovation while providing supervision and oversight of the Company's management from an independent standpoint for the improvement of corporate value over the medium to long term.</p>	April 1998	Joined Kokusai Denshin Denwa Co., Ltd. (currently KDDI Corporation)	April 2001	Joined Tokyo FM Broadcasting Co., Ltd.	July 2003	Joined Microsoft Japan Company, Limited	April 2009	Joined Amazon Japan G.K.	March 2018	General Manager, Seller Service Business Division, Amazon Japan G.K.	November 2021	Managing Director, Twitter Japan	March 2023	External Director, Medley, Inc. (current position)	June 2023	Outside Director, the Company (current position)
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November 2021	Managing Director, Twitter Japan																
March 2023	External Director, Medley, Inc. (current position)																
June 2023	Outside Director, the Company (current position)																

- (Notes)
1. Mr. Kentaro Ogawa is Chairman of the Federation of National Livelihood Industries and Consumer Organizations, which has transactions with the Company in real estate leasing and other areas. He is also President of the Ogawa Kentaro Scholarship Foundation, which has transactions with the Company including outsourcing operations for administrative processing. There are no significant conflicts of interest between the Company and any of the other candidates.
 2. Mr. Chiaki Ito, Mr. Takaharu Ando, Mr. Shoei Yamana, and Ms. Reiko Nagatsuma are candidates for Outside Directors.
 3. Based on the stipulations of Article 427, Paragraph 1 of the Companies Act, the Company has concluded agreements to limit liabilities for damages of Article 423, Paragraph 1 of the same Act with Mr. Chiaki Ito, Mr. Takaharu Ando, Mr. Shoei Yamana, and Ms. Reiko Nagatsuma. The limit of liabilities for damages under said agreements are 10 million yen or the amount stipulated by laws and regulations, whichever is greater. If Mr. Chiaki Ito, Mr. Takaharu Ando, Mr. Shoei Yamana, and Ms. Reiko Nagatsuma are reelected, the Company plans to continue the agreements with each person.
 4. The Company has concluded a directors and officers liability insurance (D&O Insurance) contract stipulated in Article 430-3, Paragraph 1 of the Companies Act that provides coverage for all Directors, and the insurance covers any damages that may result from the Directors and Officers being liable for the performance of their duties or being subject to a claim for the pursuit of such liability. Each candidate will be included in the coverage for said contract. The contract is scheduled to be renewed with the same content upon the next renewal.
 5. Matters concerning candidates for Outside Directors are as follows.
 - (1) The Company has designated Mr. Chiaki Ito, Mr. Takaharu Ando, Mr. Shoei Yamana, and Ms. Reiko Nagatsuma as Independent Officers based on the stipulations of the Tokyo Stock Exchange. If their reelections are approved, the Company plans to designate them as Independent Officers.
 - (2) Concerning responses to inappropriate business execution at other companies within the past five years
Mr. Takaharu Ando served as Outside Director of Nitori Holdings Co., Ltd. from May 2013 to May 2022, but it was discovered that some diatomaceous earth products sold at stores of said group between December 2016 and December 2020 contained asbestos in excess of standards established by laws and regulations, leading to a voluntary recall.
Although Mr. Takaharu Ando was not previously aware of these facts, he had been appropriately

providing advice from the viewpoint of the importance of compliance with laws and regulations and compliance management in the Board of Directors, etc., and after said facts were discovered, he requested reports from Directors and announced opinions to prevent recurrence, appropriately fulfilling his duties.

Opinion of the Audit & Supervisory Committee

An overview of the opinion of the Audit & Supervisory Committee regarding the selection and compensation, etc., of Directors is as follows.

Deliberations have been made in the Nomination and Compensation Committee, comprised of a majority of Outside Directors, on whether or not each candidate is appropriate to serve as Director based on factors such as knowledge, experience, and abilities, and one Outside Audit & Supervisory Committee Member participates in the deliberations as a member of the Nomination and Compensation Committee. Upon consideration by the Audit & Supervisory Committee of the results of the content of deliberation in the Nomination and Compensation Committee, it has been determined that nomination procedures were conducted appropriately, and each candidate is suited to serve as Director of the Company. Additionally, upon by the Audit & Supervisory Committee of the results of the content of deliberation concerning compensation, etc., of Directors (excluding Directors who are Members of the Audit & Supervisory Committee) in the Nomination and Compensation Committee, it has been determined that determination procedures were conducted appropriately, and the content of compensation, etc., is appropriate as the amounts of compensation, etc., correspond to the duties, responsibilities, and results of each Director (excluding Directors who are Members of the Audit & Supervisory Committee).

[Reference] Specialties and experience for each candidate in Proposal (Skill matrix)

Corporate management	Having experience as a representative director of the Company or a company outside the Group. Having the ability to strongly promote the sustainable growth and development of the Company's business.
Marketing and store development	Knowledgeable in marketing and store development and has extensive experience in these areas. Having the ability to formulate strategies by understanding the business environment and consumer preferences accurately.
Manufacturing and quality management	Knowledgeable in manufacturing and quality management and has extensive experience in these areas. Having the ability to pursue and secure solid safety, security, and quality.
IT and technology	Knowledgeable in IT and technology and has extensive experience in these areas. Having the ability to promote technological innovation and DX to build a stable foundation for business.
Accounting and finance	Knowledgeable in finance and accounting and has extensive experience in these areas. Having the ability to ensure the stability and improvement of the revenue basis and financial soundness.
Personnel, labor, and human resource development	Knowledgeable in personnel, labor management, etc., and has extensive experience in these areas. Having the ability to assess the potential of employees and manage a diverse workforce.
Legal, compliance, and risk management	Knowledgeable in legal issues, compliance, etc., and has extensive experience in these areas. Having the ability to ensure compliance with laws and regulations and promote loss cost reduction.
Global	Having overseas experience and can manage from a global perspective.

* Based on the above framework, up to three main skills that each candidate possesses are marked with an "X."

	Independent	Name	Specialties and experience (Skill matrix)								
			Corporate management	Marketing and store development	Manufacturing and quality management	IT and technology	Accounting and finance	Personnel, labor, and human resource development	Legal, compliance, and risk management	Global	
Director		Kentaro Ogawa	X		X				X		
		Yohei Ogawa		X			X				X
		Shinya Nonoshita				X				X	
		Makoto Hirano	X		X						X
		Kazumasa Ogawa		X							X
	X	Chiaki Ito	X			X					X
	X	Takaharu Ando							X	X	X
	X	Shoei Yamana	X	X							X
	X	Reiko Nagatsuma	X	X		X					

Business Report (April 1, 2023, to March 31, 2024)

1. State of the Corporate Group

(1) Status of business for the fiscal year under review

1) Progress and results of business

In the fiscal year under review (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 under review, the number of stores was 15,109 (including 7,922 franchised stores).

Net sales 965,778 million yen Up 23.8 % year on year	Operating profit 53,707 million yen Up 147.1 % year on year
Ordinary profit 50,913 million yen Up 81.3 % year on year	Profit attributable to owners of parent 30,693 million yen Up 131.4 % year on year

An overview by segment is as stated on pages 16 to 23.

Overview by segment

Sales composition by segment

Other

35,979 million yen

(Group sales share: 3.7%)

■ Key brands:



Corporate and Support

4,456 million yen

(Group sales share: 0.5%)

■ Key brands:



Retail

78,429 million yen

(Group sales share: 8.1%)

■ Key brands:

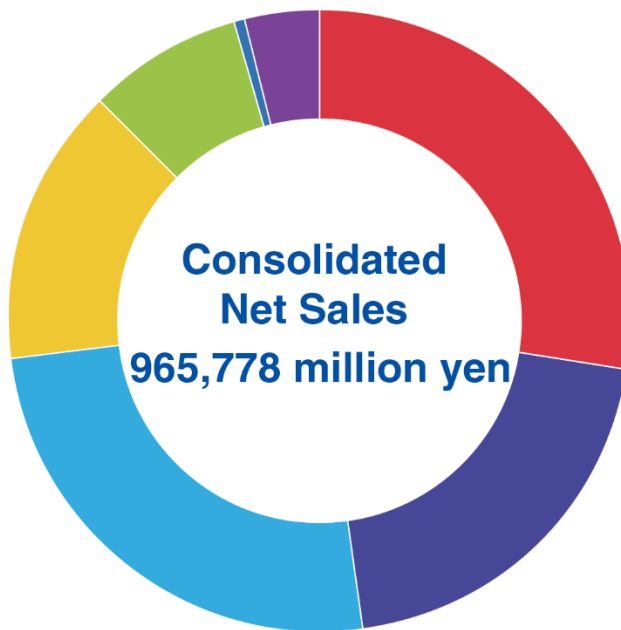


Restaurants

140,750 million yen

(Group sales share: 14.6%)

■ Key brands:



Global Sukiya

265,341 million yen

(Group sales share: 27.5%)



Global Hamasushi

197,058 million yen

(Group sales share: 20.4%)



Global Fast Food

243,761 million yen

(Group sales share: 25.2%)

■ Key brands:

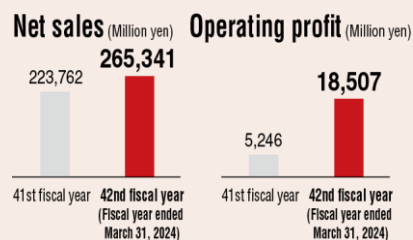


The figure above shows the logos of significant subsidiaries and businesses of the Group.

Global Sukiya

Net sales: **265,341 million yen**
(up 18.6% year on year)

Operating profit: **18,507 million yen**
(up 252.7% year on year)

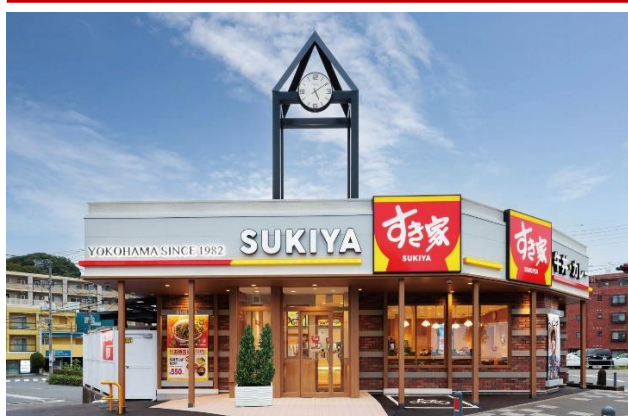


Net sales of Global Sukiya during the fiscal year under review were 265,341million yen (up 18.6% year-on-year) with operating profit of 18,507million yen (up 252.7% year-on-year).

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 under review was 2,632 (1,957 domestic, 675 overseas), the result of 103 store openings and 84 closures.



Sukiya, Shimonagaya

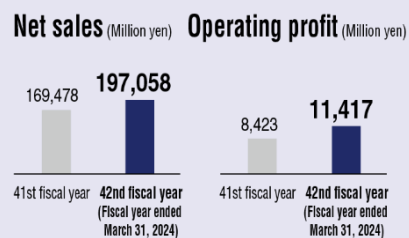


Sukiya, Promenade, Thailand

Global Hamasushi

Net sales: **197,058 million yen**
(up 16.3% year on year)

Operating profit: **11,417 million yen**
(up 35.5% year on year)



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



Hama-sushi, Totsuka Hirado

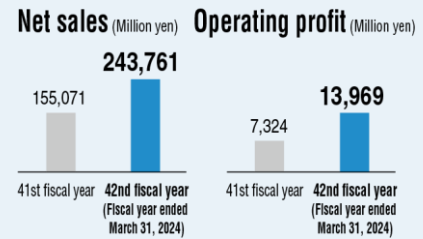


Hama-sushi, Central Bailian Shopping Center (China)

Global Fast Food

Net sales: 243,761 million yen
(up 57.2% year on year)

Operating profit: 13,969 million yen
(up 90.7% year on year)



Net sales of Global Fast Food during the fiscal year under review 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 Kyubei-ya, which serves Musashino style udon noodles. This reporting segment also includes overseas companies such as Advanced Fresh Concepts Corp., (AFC) 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 under review was 10,472 (994 domestic, 9,478 overseas; including 7,845 franchises), the result of 789 store openings and 313 closures.



Lotteria, Ochanomizu Ekimae

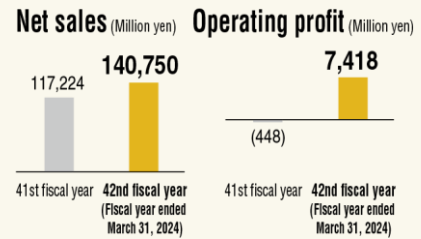


ZENSHI, New Brand of AFC

Restaurants

Net sales: 140,750 million yen
(up 20.1% year on year)

Operating profit: 7,418 million yen
(Operating loss of 448 million yen in 41st FY)



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

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 fiscal year under review was 1,189 (1,188 domestic, 1 overseas; including 77 franchises), the result of 20 store openings and 35 closures.



Jolly-Pasta



Hamburg Steak & Beef Stew Foil Pack, Coco's

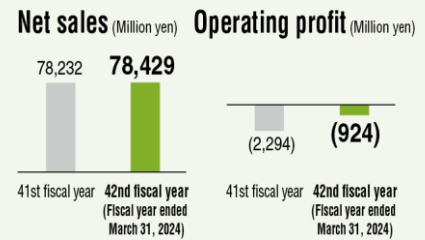


Tomato Spaghetti w/ Mozzarella Cheese, Squid Ink Sauce Spaghetti, and Bruschetta with Lemon Flavored Carottes Râpées, OLIVE HILL

Retail

Net sales: **78,429 million yen**
(up 0.3% year on year)

Operating profit: (924) million yen
(Operating loss of 2,294 million yen in 41st FY)



Net sales of Retail during the fiscal year under review, were 78,429 million yen (up 0.3% year-on-year) with an operating loss of 924 million yen (operating loss of 2,294 million yen in the previous fiscal year). 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 under review was 132, the result of 2 store openings and 2 closures.



Joy Foods

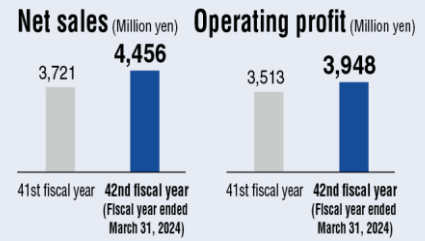


Saikazen of United Veggies Co., Ltd.

Corporate and Support

Net sales: **4,456 million yen**
(up 19.7% year on year)

Operating profit: **3,948 million yen**
(up 12.4% year on year)



Net sales of Corporate and Support during the fiscal year under review 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.



GFF



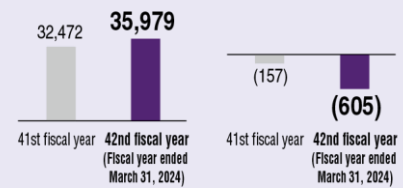
Global Fresh Supply Co., Ltd.

Others

Net sales: **35,979 million yen**
(up 10.8% year on year)

Operating profit: **(605) million yen**
(Operating loss of 157 million yen in 41st FY)

Net sales (Million yen) Operating profit (Million yen)



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

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.



Tolona Japan Co., Ltd.'s "Gyudon ingredients"



Sanbishi Co., Ltd.'s Hama-sushi brand soy sauce & Ponzu

2) Status of capital investment

Capital investment during the fiscal year under review consisted of 971 new store openings across the Group and renovation of existing stores.

The total amount of capital investment for the corporate group during the fiscal year under review was 64,126 million yen.

3) Status of funding

Primarily as facilities investment and operating funds, 145,925 million yen in funding was procured from financial institutions, etc., during the fiscal year under review.

In addition, the Company raised 30.0 billion yen from Development Bank of Japan Inc. and Mizuho Bank, Ltd. through a third-party allotment of new shares by issuing Class A preferred shares with a payment date of September 29, 2023.

On December 11, 2023, the Company issued 5,218,000 shares of common stock in a public offering, raising 36,445 million yen. Moreover, on January 10, 2024, the Company issued 652,400 shares of common stock through a third-party allotment, raising 4,556 million yen.

4) Status of business transfer, absorption-type splits, or incorporation-type splits

No applicable items.

5) Status of business transfers from other companies

No applicable items.

6) Status of continuation of rights and obligations concerning businesses of other companies, etc., owing to absorption-type mergers or absorption-type demergers

No applicable items.

7) Status of acquisition or disposal of stock or holdings in other companies or stock acquisition rights, etc.

(a) Zensho Fast Food Holdings Co., Ltd., a wholly-owned subsidiary of the Company, acquired all shares of Lotteria Co., Ltd. on April 1, 2023, making it a wholly-owned subsidiary.

(b) Zensho Europe Holdings B.V., a wholly-owned subsidiary of the Company, acquired all shares of Sushi Circle Gastronomie GmbH on May 23, 2023, making it a wholly-owned subsidiary.

(c) ZENSHO INTERNATIONAL LIMITED, a wholly-owned subsidiary of the Company, acquired all shares of SnowFox Topco Limited on September 15, 2023, making it a wholly-owned subsidiary.

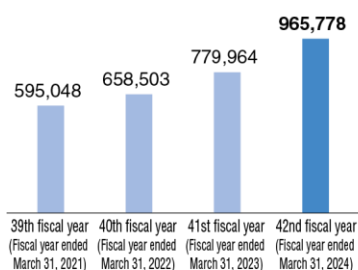
(2) Status of assets and income

(Million yen)

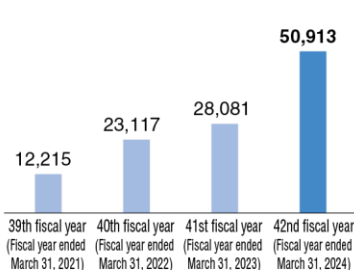
Category	39th fiscal year (Fiscal year ended March 31, 2021)	40th fiscal year (Fiscal year ended March 31, 2022)	41st fiscal year (Fiscal year ended March 31, 2023)	42nd fiscal year (Fiscal year ended March 31, 2024)
Net sales	595,048	658,503	779,964	965,778
Ordinary profit	12,215	23,117	28,081	50,913
Profit attributable to owners of parent	2,259	13,869	13,265	30,693
Basic earnings per share (Yen)	14.82	91.17	87.30	195.41
Total assets	396,023	427,172	469,563	748,056
Net assets	85,430	104,486	115,837	214,652
Net assets per share (Yen)	560.87	679.19	761.63	1,171.76

- (Notes) 1. Effective from the 40th fiscal year, the “Accounting Standard for Revenue Recognition” (ASBJ Statement No. 29, March 31, 2020) and others have been applied, and the figures for the status of assets and income from the 40th fiscal year onward are those after the application of said Standard and others.
2. “Board Benefit Trust (BBT)” has been introduced from the 41st fiscal year. For the 41st fiscal year and subsequent fiscal years, 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 Trust 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 basic earnings per share, those are included in the number of treasury shares deducted from the average number of shares outstanding during the period.
3. Effective from the 42nd fiscal year, the “Accounting Standard for Current Income Taxes” (ASBJ Statement No. 27, October 28, 2022) and others have been applied, and the figures for the state of assets and income for the 42nd fiscal year are those after the application of said Standard and others.

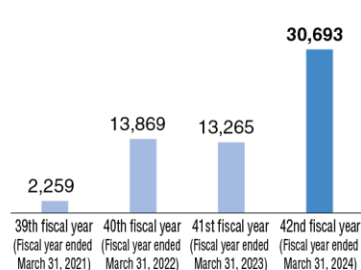
Net sales (Million yen)



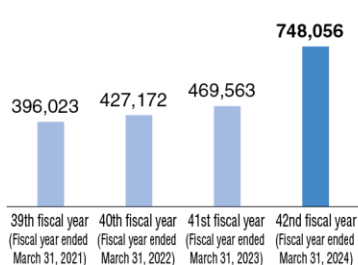
Ordinary profit (Million yen)



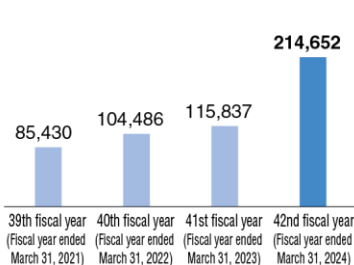
Profit attributable to owners of parent (Million yen)



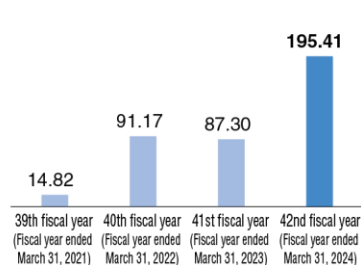
Total assets (Million yen)



Net assets (Million yen)



Basic earnings per share (Yen)



(3) Status of significant parent companies and subsidiaries

1) Status of parent company

No applicable items.

2) Status of significant subsidiaries

Company name	Number of stores	Headquarters location	Capital	Holding ratio	Key business content
Zensho Fast Food Holdings Co., Ltd.	-	Minato-ku, Tokyo	10 million yen	100.00%	Fast food business supervision
Sukiya Co., Ltd.	1,957	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Nakau Co., Ltd.	455	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Lotteria Co., Ltd.	351	Minato-ku, Tokyo	8 million yen	100.00%	Restaurants
Zensho Restaurant Holdings Co., Ltd.	-	Minato-ku, Tokyo	10 million yen	100.00%	Family dining business supervision
Coco's Japan Co., Ltd.	511	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Jolly-Pasta Co., Ltd.	318	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Big Boy Japan Co., Ltd.	172	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
TAG-1 Co., Ltd.	95	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Hanaya Yohei Co., Ltd.	35	Minato-ku, Tokyo	100 million yen	100.00%	Restaurants
Olive Hill Co., Ltd.	54	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Hama-Sushi Co., Ltd.	605	Minato-ku, Tokyo	10 million yen	100.00%	Restaurants
Nihon Retail Holdings Co., Ltd.	-	Minato-ku, Tokyo	85 million yen	100.00%	Retail business supervision
Joy Mart Co., Ltd.	101	Kasukabe-shi, Saitama	10 million yen	100.00%	Sale of groceries, etc.
United Veggies Co., Ltd.	31	Minato-ku, Tokyo	74 million yen	83.98%	Sale of fresh foods, etc.
Zensho Factory Holdings Co., Ltd.	-	Minato-ku, Tokyo	60 million yen	100.00%	Food production business supervision
GFF Co., Ltd.	-	Minato-ku, Tokyo	10 million yen	100.00%	Manufacture of foods
Tolona Japan Co., Ltd.	-	Minato-ku, Tokyo	10 million yen	100.00%	Sale of groceries, etc.
Zensho Tradings Co., Ltd.	-	Minato-ku, Tokyo	80 million yen	100.00%	Import and wholesale of food ingredients
Global MD Holdings Co., Ltd.	-	Minato-ku, Tokyo	377 million yen	100.00%	Purchase of food ingredients
Global Table Supply Co., Ltd.	-	Minato-ku, Tokyo	30 million yen	100.00%	Sale of utensils, etc.
Global Fresh Supply Co., Ltd.	-	Minato-ku, Tokyo	70 million yen	100.00%	Logistics business
Nihon Kaigo Holdings Co., Ltd.	-	Minato-ku, Tokyo	10 million yen	100.00%	Nursing care business supervision
Zensho USA Corporation	-	California, USA	10 thousand US dollars	100.00%	USA business supervision
Advanced Fresh Concepts Corp.	4,893	California, USA	100 thousand US dollars	100.00%	Sale of groceries
Pocino Foods Company	-	California, USA	28,904 thousand US dollars	100.00%	Food processing and sales
Zensho China Holdings Co., Ltd.	-	Shanghai, China	650,049 thousand yuan	100.00%	China business supervision
Zensho Restaurant (Shanghai) Co., Ltd.	490	Shanghai, China	257,861 thousand yuan	100.00%	Restaurants
Zensho Taiwan Co., Ltd.	79	Taipei, Taiwan	552,400 thousand yuan	100.00%	Restaurants
ZENSHO SOUTH EAST ASIA HOLDINGS PTE. LTD.	-	Singapore	145,924 thousand Singapore dollars	100.00%	ASEAN business supervision
ZENSHO HOLDINGS MALAYSIA SDN. BHD.	-	Kuala Lumpur, Malaysia	309,065 thousand ringgits	100.00%	Malaysia business supervision
TCRS Restaurants Sdn. Bhd.	185	Kuala Lumpur, Malaysia	17,180 thousand ringgits	100.00%	Restaurants
Zensho Europe Holdings B.V.	-	Amsterdam, The Netherlands	1 euro	100.00%	Europe business supervision

Company name	Number of stores	Headquarters location	Capital	Holding ratio	Key business content
Sushi Circle Gastronomie GmbH	275	Germany	1,000 thousand euros	100.00%	Sale of groceries
SnowFox Topco Limited	3,911	UK	556 thousand pounds	100.00%	Sale of groceries

- (Notes)
- The number of stores for each company is current as of the end of the fiscal year.
 - Holding ratio for Zensho Fast Food Holdings Co., Ltd. is the ratio of stock including stock held by subsidiaries of the Company.
 - Holding ratios for Sukiya Co., Ltd., Nakau Co., Ltd., Lotteria Co., Ltd., Coco's Japan Co., Ltd., Jolly-Pasta Co., Ltd., Big Boy Japan Co., Ltd., TAG-1 Co., Ltd., Hanaya Yohei Co., Ltd., Olive Hill Co., Ltd., Joy Mart Co., Ltd., United Veggies Co., Ltd., GFF Co., Ltd., Advanced Fresh Concepts Corp., Pocino Foods Company, Zensho Restaurant (Shanghai) Co., Ltd., ZENSHO HOLDINGS MALAYSIA SDN.BHD., TCRS Restaurants Sdn. Bhd., Sushi Circle Gastronomie GmbH, and SnowFox Topco Limited are ratios of stock held by subsidiaries of the Company.
 - Apart from headquarters, GFF Co., Ltd. has manufacturing plants in the following locations. Uruma-shi, Okinawa; Tosu-shi, Saga; Shunan-shi, Yamaguchi; Kasai-shi, Hyogo; Osaka-shi; Komono-cho, Mie-gun, Mie; Kawasaki-shi; Asahi-shi, Chiba; Kisarazu-shi, Chiba; Kamisato-cho, Kodama-gun, Saitama; Tsuchiura-shi, Ibaraki; Sano-shi, Tochigi; Oyama-shi, Tochigi; Shiogama-shi, Miyagi; Sendai-shi; Otaru-shi, Hokkaido
 - On April 1, 2024, Zensho Fast Food Holdings Co., Ltd. and Zensho Restaurant Holdings Co., Ltd. changed their names to Zensho Global Fast Food Holdings Co., Ltd. and Zensho Global Restaurant Holdings Co., Ltd., respectively.

(4) Issues to be addressed

The Group is developing a wide range of food businesses under the management vision “to eradicate hunger and poverty from the world,” and is expanding globally with the mission of “providing safe and delicious food at affordable prices to people throughout the world.” The outlook for the food industry in Japan and overseas is not optimistic due to changing consumption trends, diversifying needs, and intensifying competition with other companies. In order to achieve further growth, the Group recognizes the need to strengthen and expand existing businesses and develop overseas operations to establish a stronger management basis and improve its market competitiveness, and will address the following issues:

1) Evolution of the Mass Merchandising System (MMD)

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

* Mass Merchandising System (MMD)

MMD is a system to fulfill our mission of “providing safe and delicious food at affordable prices to people throughout the world,” in which we plan, design, and operate the entire process from procurement of raw materials to manufacturing, processing, distribution, and sales in our stores with our own hands.

2) Pursuit of food safety

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

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

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

3) Evolution of brands

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

4) Sustainability initiatives

Since its establishment, the Group has been committed to its management vision to “eradicate hunger and poverty from the world,” aiming to realize a sustainable world through a stable supply of safe and delicious food. Based on this vision, we started fair trade in coffee and tea in 2007, and are currently engaged in social development support activities in 20 countries in Asia and Africa, such as school construction, improvement of water supply facilities, and support for women, using “social development funds” generated from fair trade. We also take responsibility for the impact of our business activities on the global environment. In addition to issues such as conservation of eel resources and utilization of food residues, we will take action to ensure the sustainability of our business areas and the sustainability of the global environment itself, including the use of natural energy such as installation of solar panels in our stores and factories.

5) Growth through store openings and M&A

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

6) Recruitment and training of human resources

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

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

- 7) Improvement of working environment
To improve the working environment, the Group has implemented various improvement measures, including strengthening of compliance education for managers, establishment of a contact point and in-house training programs to prevent harassment, and enhancement of opportunities for dialogue with employees. We will continue to streamline operations through DX promotion, strengthen communication, and review the personnel evaluation system, salary system, and employee benefits to create a working environment where each employee can enhance his/her abilities and feel satisfaction and growth, thereby ensuring long-term stable employment.
- 8) Establishment of a system to improve customer convenience and contribute to prompt business decisions
The Group is building a system to improve customer convenience and productivity. Meanwhile, as a business management system, we are building a system to collect information on sales, inventory, etc. As we expand the sales bases of our Group companies in Japan and overseas, we will further improve the efficiency of information collection and integration, and will also build a system and structure that will contribute to prompt decision making by management.
- 9) Proactive approach to digital transformation (DX)
Amid the rapid progress of digitalization, also known as the 4th Industrial Revolution, the utilization of artificial intelligence (AI), IoT, RPA, robots, and cloud computing has been accelerating. In stores, manpower reduction in both routine and non-routine labor is advancing due to technological innovations such as self-ordering, self-cashing, and robots, and the data utilization using IT. The Group will also promote the streamlining and automation of operations through proactive DX initiatives in each process, including stores, factories, logistics, and headquarters.
- 10) Initiatives to ensure a stable supply of food ingredients
The Group procures food ingredients used in its stores from both domestic and overseas sources, and is working to diversify its suppliers in order to address the risk of price increase due to conflicts, climate change, and exchange rate fluctuations at the place of origin.

(5) Key business content (As of March 31, 2024)

The Group consists of the Company and 167 subsidiaries and affiliates for a total of 168 companies and operates a wide range of food businesses.

(6) Key offices and plants (As of March 31, 2024)

1) The Company

Headquarters	2-18-1 Konan, Minato-ku, Tokyo
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2) Key subsidiaries

As stated in “(3) Status of significant parent companies and subsidiaries 2) Status of significant subsidiaries” above.

(7) Status of employees (As of March 31, 2024)

1) Status of employees of the corporate group

Number of employees	Increase/decrease since the end of the previous fiscal year
16,806	Down 518

(Notes) 1. The number indicated is the number of employees at the Company and its consolidated subsidiaries.

2. Apart from the above, there are 66,418 part time persons in employment.

2) Status of the Company’s employees

Number of employees	Increase/decrease since the end of the previous fiscal year	Average age	Average years of employment
790	Up 106	39.9 years	9.1 years

(Note) The number of employees is calculated by excluding persons seconded from the Company to other companies and including persons seconded by other companies to the Company. Apart from the above, there are 115 part time persons in employment.

(8) Status of key lenders (As of March 31, 2024)

(Million yen)

Lender	Amount of borrowing
Sumitomo Mitsui Banking Corporation	62,093
Development Bank of Japan Inc.	51,400
Mizuho Bank, Ltd.	39,430
The Bank of Yokohama, Ltd.	36,574
The Norinchukin Bank	14,735
The Nanto Bank, Ltd.	3,500
The Shizuoka Bank	3,450
The Hiroshima Bank, Ltd.	3,000
JA Bank Saitamakenshinren	3,000
The ChibaBank, Ltd.	2,400

(9) Other significant matters concerning the status of the corporate group

No applicable items.

2. Status of the Company

(1) Status of stock (As of March 31, 2024)

- | | |
|---|--------------------|
| 1) Total number of authorized shares: Common shares | 432,000,000 shares |
| Class A preferred shares | 1,000 shares |
| 2) Total number of issued shares: Common shares | 160,733,225 shares |
| Class A preferred shares | 300 shares |
| 3) Number of shareholders: Common shares | 136,639 persons |
| Class A preferred shares | 2 persons |
| 4) Major shareholders (Top 10) | |
| (a) Common shares | |

Shareholder name	Number of shares held	Holding ratio
Nihon Create Co., Ltd.	52,307,500 shares	33.33%
The Master Trust Bank of Japan, Ltd. (Trust account)	12,517,900 shares	7.98%
Custody Bank of Japan, Ltd. (Trust account)	4,855,800 shares	3.09%
Kentaro Ogawa	3,170,408 shares	2.02%
Kazumasa Ogawa	3,160,800 shares	2.01%
Yohei Ogawa	3,160,800 shares	2.01%
Zensho Group Employee Stock Ownership Association	2,786,622 shares	1.78%
STATE STREET BANK WEST CLIENT - TREATY 505234	1,890,700 shares	1.20%
JP MORGAN CHASE BANK 385781	1,221,269 shares	0.78%
SSBTC CLIENT OMNIBUS ACCOUNT	884,674 shares	0.56%

- (Notes) 1. The holding ratio is calculated after excluding treasury stock (3,776,635 shares). The number of such treasury stock does not include 291,800 shares of the Company shares held by Japan Custody Bank, Ltd. (Trust Account E) for the “Board Benefit Trust (BBT).”
2. The number of shares held by Mr. Yohei Ogawa above includes the number of shares held by SMBC Trust Bank Ltd. (3,150,000 shares as of March 31, 2024) in accordance with the management trust agreement executed on February 20, 2022.

(b) Class A preferred shares

Shareholder name	Number of shares held	Holding ratio
Development Bank of Japan Inc.	150 shares	50.00%
Mizuho Bank, Ltd.	150 shares	50.00%

(Note) These shares do not have voting rights, and are shares with the right to receive preferred dividends.

5) Status of shares issued to the Company’s officers as compensation for the execution of duties during the fiscal year under review

Category	Number of shares	Recipients of issuance
Director (excluding Outside Directors)	Common shares 500 shares	1 person

- (Notes) 1. The content of the Company’s stock compensation is as stated in “(2) Other significant matters concerning shares” below.
2. The figure stated above represents shares issued to an officer of the Company who retired.

(2) Other significant matters concerning shares

Overview of performance-linked stock compensation plan for the Company’s Directors, etc.

By the resolution at the 40th Ordinary General Meeting of Shareholders held on June 24, 2022, the Company has introduced a performance-linked stock compensation plan for the Company’s Directors (excluding Outside Directors and Members of the Audit & Supervisory Committee) and Executive Officers for the purpose of raising awareness among Directors, etc. to contribute to improving the Company’s business performance and increasing its corporate value over the medium to long term by clarifying the link between Directors’ and Executive Officers’ compensation and the Company’s business performance and stock value, and by sharing with shareholders not only the benefits of an increase in stock price but also the risk of a decline in stock price.

This Plan is a performance-linked stock compensation plan 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.

(3) Status of stock acquisition rights

No applicable items.

(4) Status of the Company's officers

1) Status of Directors (As of March 31, 2024)

Position	Name	Responsibilities and status of significant concurrent positions
Representative Director, Chairman, President & CEO	Kentaro Ogawa	Chairman, Seidanren Representative Director, Nihon Create Co., Ltd. President, Ogawa Kentaro Scholarship Foundation
Managing Executive Director	Yohei Ogawa	Senior General Manager of Business Management Strategy Division, in charge of Global Operations Division, in charge of Global Sushi PMI Department Chairman, Zensho China Holdings Co., Ltd.
Managing Executive Director	Shinya Nonoshita	Senior General Manager, Group IT Headquarters
Director	Makoto Hirano	Senior General Manager, Group Food Safety Standards Division
Director	Kazumasa Ogawa	President, Zensho Japanese Culture Center
Outside Director	Chiaki Ito	Outside Director, OBIC Business Consultants Co., Ltd.
Outside Director	Takaharu Ando	Outside Director, Amuse Inc. Outside Director, Tobu Railway Co., Ltd. Outside Director (Member of the Audit & Supervisory Committee), Nisshin Seifun Group Inc. Outside Director, Rakuten Group, Inc.
Outside Director	Shoei Yamana	Outside Director, TDK Corporation
Outside Director	Reiko Nagatsuma	External Director, Medley, Inc.
Outside Director (Full-time Member of the Audit & Supervisory Committee)	Hideo Watanabe	
Outside Director (Member of the Audit & Supervisory Committee)	Yukio Miyajima	
Outside Director (Member of the Audit & Supervisory Committee)	Kenichi Kaneko	
Outside Director (Member of the Audit & Supervisory Committee)	Hisashi Maruyama	

- (Notes)
1. Managing Executive Director Yohei Ogawa and Director Kazumasa Ogawa are sons of Representative Director, Chairman, President & CEO Kentaro Ogawa.
 2. Directors Shoei Yamana and Reiko Nagatsuma and Directors (Members of the Audit & Supervisory Committee) Kenichi Kaneko and Hisashi Maruyama were newly elected as Director at the 41st Ordinary General Meeting of Shareholders held on June 23, 2023, and assumed office.
 3. Directors Koichi Takei, Toshitaka Hagiwara, and Yoshiko Hayama and Directors (Members of the Audit & Supervisory Committee) Takashi Manaki and Koji Takeuchi retired from their positions at the conclusion of the 41st Ordinary General Meeting of Shareholders held on June 23, 2023, due to expiration of their terms of office.
 4. Directors Chiaki Ito, Takaharu Ando, Shoei Yamana, and Reiko Namatsuma and Directors (Members of the Audit & Supervisory Committee) Hideo Watanabe, Yukio Miyajima, Kenichi Kaneko, and Hisashi Maruyama are Outside Directors stipulated in Article 2, Item 15 of the Companies Act.
 5. Directors (Members of the Audit & Supervisory Committee) Hideo Watanabe, Yukio Miyajima, Kenichi Kaneko, and Hisashi Maruyama have considerable knowledge of finance and accounting.
 6. The Company has designated Directors Chiaki Ito, Takaharu Ando, Shoei Yamana, Reiko Nagatsuma, Hideo Watanabe, Yukio Miyajima, Kenichi Kaneko, and Hisashi Maruyama as independent officers as stipulated by the Tokyo Stock Exchange, and has notified the Exchange of such designation.
 7. The Company has entered into an agreement with Outside Directors Chiaki Ito, Takaharu Ando, Shoei Yamana, and Reiko Nagatsuma and Outside Directors who are Members of the Audit & Supervisory Committee Yukio Miyajima, Kenichi Kaneko, and Hisashi Maruyama pursuant to Article 427,

Paragraph 1 of the Companies Act to limit their liability for damages under Article 423, Paragraph 1 of said Act.

The maximum amount of liability for damages under said agreement is 10 million yen or the amount provided by law, whichever is higher, for Outside Directors, and 5 million yen or the amount provided by law, whichever is higher, for Outside Directors who are Members of the Audit & Supervisory Committee.

8. Director (Member of the Audit & Supervisory Committee) Hideo Watanabe is a full-time Member of the Audit & Supervisory Committee. The reason for selecting full-time Members of the Audit & Supervisory Committee is to enhance the effectiveness of auditing and supervision by the Audit & Supervisory Committee through their attendance at important internal meetings other than meetings of the Board of Directors, as well as through their daily information gathering and collaboration with the Accounting Auditor and the internal audit division, etc.

2) Total amount of compensation, etc., paid to Directors

Category	Total amount of compensation, etc.	Total amount of compensation, etc., by category			Number of officers compensated
		Fixed compensation	Performance-linked compensation		
			Performance-linked compensation (Bonuses paid in cash)	Performance-linked stock compensation	
Directors (excluding Directors who are Members of the Audit & Supervisory Committee) [of which, Outside Directors]	593 million yen [39 million yen]	385 million yen [39 million yen]	26 million yen [– million yen]	181 million yen [– million yen]	12 [6]
Directors who are Members of the Audit & Supervisory Committee [of which, Outside Directors]	43 million yen [40 million yen]	43 million yen [40 million yen]	– million yen [– million yen]	– million yen [– million yen]	6 [5]

(Notes) 1. Performance-linked compensation for Directors (excluding Outside Directors and Directors who are Members of the Audit & Supervisory Committee) shall consist of an annual performance-linked bonus and stock-based compensation to be granted upon retirement based on points awarded for each period covered by the medium-term management plan.

The amount of performance-linked bonus is calculated by using the annual basic compensation and the consolidated ordinary profit margin in the previous fiscal year. That consolidated ordinary profit margin is 3.5%. The performance indicator selected as the basis for calculating the amount of performance-linked bonus is the Company's consolidated ordinary profit margin. The Company believes that the consolidated ordinary profit margin is the most appropriate indicator for calculating performance-linked bonus because it directly indicates the business performance of the Company and the Group.

For performance-linked stock compensation, the "Board Benefit Trust (BBT)" system is adopted. Based on the Executive Stock Benefit Regulations, points (one point = one share) to each Director shall be granted in accordance with his/her position and the degree of achievement of performance indicators based on the pre-determined medium-term three-year plan, and then the number of the Company's shares (a certain portion of which shall be cash equivalent to the amount obtained by converting the Company's shares at fair value) corresponding to the number of such points shall be granted to each Director at the time of his/her retirement from office. The performance indicators shall be the degree of achievement of performance indicators based on the Company's pre-determined medium-term three-year plan and be intended to serve as medium- to long-term incentives not only to improve business performance but also to increase the Company's stock price.

2. The amount of monetary compensation for Directors (excluding Directors who are Members of the Audit & Supervisory Committee) was resolved at the 37th Ordinary General Meeting of Shareholders held on June 21, 2019, to be no more than 600 million yen per year (of which, the amount for Outside Directors shall be no more than 60 million yen; these amounts do not include salaries for employees). As of the conclusion of said Ordinary General Meeting of Shareholders, the number of Directors (excluding Directors who are Members of the Audit & Supervisory Committee) is 12 (including 3 Outside Directors).

Regarding the stock-based compensation for Directors (excluding Outside Directors and Directors who are Members of the Audit & Supervisory Committee), it was resolved at the 40th Ordinary General Meeting of Shareholders held on June 24, 2022 that the amount to be contributed by the Company to the Trust for three consecutive fiscal years shall be up to 2,000 million yen and the total number of points per subject period (three fiscal years) to be granted to Directors shall be up to 225,000 points, in addition to the above annual compensation. As of the conclusion of said Ordinary General Meeting of Shareholders, the number of Directors (excluding Outside Directors and Directors who are Members of the Audit & Supervisory Committee) is 6.

3. The amount of monetary compensation for Directors (Members of the Audit & Supervisory Committee) was resolved at the 37th Ordinary General Meeting of Shareholders held on June 21, 2019, to be no more than 120 million yen per year. The number of Directors (Members of Audit & Supervisory Committee) as of the conclusion of said Ordinary General Meeting of Shareholders is 4.

3) Policy for determining content of individual compensation, etc., for Directors

The Company has established a policy for determining the content of compensation, etc., for individual Directors (hereinafter the "Determination Policy"), a summary of which is as follows. The Determination

Policy is determined by the Board of Directors of the Company after the report of the Nomination and Compensation Committee.

1. Basic approach

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

2. Specific Policies

(1) Breakdown of compensation

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

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

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

(3) Determination of compensation for each Director

i. Determination of fixed compensation

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

ii. Determination of performance-linked compensation

- (a) The amount of performance-linked compensation for each Director (excluding Outside Directors and Directors who are Members of the Audit & Supervisory Committee) shall be determined by the Representative of the Board based on the performance-linked executive compensation table (by position), within the limit of the total amount of compensation, taking into consideration the Company's performance and Directors' responsibilities and evaluation.
- (b) The performance-linked executive compensation table (by position) shall be determined each year by the Representative of the Board after consultation with the Nomination and Compensation Committee.
- (c) Performance-linked compensation shall be paid once a year in the month following the month in which the Ordinary General Meeting of Shareholders is held.

- (d) The consolidated ordinary profit margin shall be used as an indicator of the Company's performance. The performance-linked executive compensation table (by position) shall set absolute amounts for the ordinary profit margin of 2.0% or more but less than 10.0% in 1% increments, and in 2% increments for the ordinary profit margin of 10.0% or more.
- iii. Ratio of amount of fixed compensation to amount of performance-linked compensation
With regard to the ratio of the fixed compensation (annual basic compensation) amount to the performance-linked compensation amount, assuming that the amount of the fixed compensation is 1, the performance-linked compensation amount shall be between 0 and 3.5, depending on the consolidated ordinary profit margin.
- iv. Determination of stock-based compensation
With respect to stock-based compensation, based on the Executive Stock Benefit Regulations, points to each Director (excluding Outside Directors and Directors who are Members of the Audit & Supervisory Committee) shall be granted in accordance with his/her position and the degree of achievement of performance indicators based on the pre-determined medium-term three-year plan, and then the number of the Company's shares (a certain portion of which shall be cash equivalent to the amount obtained by converting the Company's shares at fair value) corresponding to the number of such points shall be granted to each Director at the time of his/her retirement from office.
- v. Percentage of compensation amount by type
The percentage of the amount of each type of compensation within the total amount of compensation will vary depending on the business performance and stock price, but shall generally be as follows:
Monetary compensation (fixed compensation and performance-linked compensation): 75%
Stock-based compensation: 25%
- vi. Delegation for determination of compensation for individual Directors
 - (a) Person to be delegated: Kentaro Ogawa, Representative Director, Chairman, President & CEO
 - (b) Content of authority to be delegated: Determination of specific amounts of fixed compensation and performance-linked compensation
(This does not include matters related to stock-based compensation.)
 - (c) Measures to ensure that the delegated authority is properly exercised: The fixed basic executive compensation table and the performance-linked executive compensation table, which will form the basis for calculating the amount of compensation, shall be submitted to the Nomination and Compensation Committee for consultation, and the specific amount shall be determined in accordance with the basic policy on compensation for Directors determined by the Board of Directors.

4) Matters concerning delegation of authority to determine the contents of compensation for individual Directors

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

The Company has established objective payment standards determined by the Board of Directors after consultation with the Nomination and Compensation Committee.

5) Reasons the Board of Directors determined that individual compensation for Directors (excluding Directors who are Members of the Audit & Supervisory Committee) for the fiscal year under review conform to the Determination Policy in "3)"

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

6) Matters concerning outside officers (As of March 31, 2024)

(a) Status of concurrent positions at other companies, etc., and relationship between the Company and said other companies, etc.

The status of Mr. Chiaki Ito is as described in "1)" above, and the Company has no special relationship with OBIC Business Consultants Co., Ltd.

The status of Mr. Takaharu Ando is as described in "1)" above, and the Company has no special relationship with Amuse Inc. or Nisshin Seifun Group Inc. There is a real estate lease transaction between the Company and Tobu Railway Co., Ltd, and a service use transaction between the Company and Rakuten Group, Inc.

The status of Mr. Shoei Yamana is as described in "1)" above, and the Company has no special relationship with TDK Corporation.

The status of Ms. Reiko Nagatsuma is as described in "1)" above, and the Company has no special relationship with Medley, Inc.

(b) Status of key activities during the fiscal year under review

Position	Name	Status of key activities
Director	Chiaki Ito	Mr. Chiaki Ito attended all 14 meetings of the Board of Directors held during the fiscal year under review. He provided appropriate opinions and advice based on his abundant experience and broad knowledge as a business manager for many years.
Director	Takaharu Ando	Mr. Takaharu Ando attended 12 out of 14 meetings of the Board of Directors held during the fiscal year under review. He has held various important positions including Commissioner General of the National Police Agency, and expressed his opinions and advice appropriately based on his abundant experience and wide range of knowledge.
Director	Shoei Yamana	Mr. Shoei Yamana attended all 10 meetings of the Board of Directors held during the fiscal year under review since assuming office on June 23, 2023. He provided appropriate opinions and advice based on his abundant experience and wide range of knowledge as a corporate manager at a company that has expanded its business globally.
Director	Reiko Nagatsuma	Ms. Reiko Nagatsuma attended 9 out of 10 meetings of the Board of Directors held during the fiscal year under review since assuming office on June 23, 2023. She provided appropriate opinions and advice based on her advanced insight into the fields of IT and DX that she obtained while working at global IT corporations and abundant experience and wide range of knowledge as a corporate manager.
Director (Full-time Member of the Audit & Supervisory Committee)	Hideo Watanabe	Mr. Hideo Watanabe attended all 14 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Committee held during the fiscal year under review. He made comments as necessary for the Company's management based on his abundant experience and wide range of knowledge as a business manager for many years.
Director (Member of the Audit & Supervisory Committee)	Yukio Miyajima	Mr. Yukio Miyajima attended all 14 meetings of the Board of Directors and all 18 meetings of the Audit & Supervisory Committee held during the fiscal year under review. He has many years of experience as a business manager and sufficient practical experience in finance, and made necessary comments for the Company's management as appropriate.
Director (Member of the Audit & Supervisory Committee)	Kenichi Kaneko	Mr. Kenichi Kaneko attended all 10 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Committee held during the fiscal year under review since assuming office on June 23, 2023. He has many years of experience as a business manager and professional insight in personnel and labor as well as accounting and finance, and made necessary comments for the Company's management as appropriate.

Position	Name	Status of key activities
Director (Member of the Audit & Supervisory Committee)	Hisashi Maruyama	Mr. Hisashi Maruyama attended all 10 meetings of the Board of Directors and all 13 meetings of the Audit & Supervisory Committee held during the fiscal year under review since assuming office on June 23, 2023. He has many years of experience as a business manager and professional insight in legal affairs, compliance, and risk management, and made necessary comments for the Company's management as appropriate.

(Note) In addition to the above number of Board of Directors meetings, there was one written resolution that was deemed to have been approved by the Board of Directors pursuant to Article 370 of the Companies Act and Article 25 of the Company's Articles of Incorporation.

(c) Summary of duties performed with respect to the roles expected to be fulfilled by Outside Directors

Mr. Chiaki Ito has provided useful advice not only to the Board of Directors but also on business transformation and growth through DX by providing the latest information in the IT/DX field to the Company.

Mr. Takaharu Ando, as a member of the Nomination and Compensation Committee, attended the meetings of the Nomination and Compensation Committee held during the fiscal year under review and expressed his opinions appropriately. He has also provided useful advice not only to the Board of Directors but also on the management in general and on individual matters.

Mr. Shoei Yamana provided useful advice not only to the Board of Directors but also on the management in general and on individual matters.

Ms. Reiko Nagatsuma provided useful advice not only to the Board of Directors but also on the management in general and on individual matters.

Mr. Hideo Watanabe has provided useful advice not only to the Board of Directors and the Audit & Supervisory Committee, but also on the management in general and on individual matters as appropriate.

Mr. Yukio Miyajima, as a member of the Nomination and Compensation Committee, attended the meetings of the Nomination and Compensation Committee held during the fiscal year under review and expressed his opinions appropriately. He also provided advice as necessary not only to the Board of Directors and the Audit & Supervisory Committee, but also on management in general.

Mr. Kenichi Kaneko provided advice as necessary not only to the Board of Directors but also on the management in general and on individual matters.

Mr. Hisashi Maruyama provided advice as necessary not only to the Board of Directors but also on the management in general and on individual matters.

7) Overview of content of directors and officers liability insurance agreement

The Company has entered into a directors and officers liability insurance agreement with an insurance company, as stipulated in Article 430-3, Paragraph 1 of the Companies Act, insuring Directors (excluding Directors who are Members of the Audit & Supervisory Committee), Directors who are Members of the Audit & Supervisory Committee, and Executive Officers of the Company, and Directors, Auditors, and Executive Officers of subsidiaries (hereinafter collectively referred to as "Officers, etc.>").

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

(5) Status of Accounting Auditor

1) Name: PricewaterhouseCoopers Japan LLC

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

2) Amount of compensation, etc.

Category	Amount paid
Amount of compensation, etc., for the Accounting Auditor for the fiscal year under review	89 million yen
Total amount of cash and other assets to be paid to the Accounting Auditor by the Company and subsidiaries	127 million yen

- (Notes)
1. The Audit & Supervisory Committee, based on the “Practical Guidelines for Cooperation with Accounting Auditor” published by the Public Interest Incorporate Association Japan Audit & Supervisory Board Members Association, obtained necessary materials and reports from Directors, relevant internal divisions, and the Accounting Auditor, and confirmed the details of the audit plan of the Accounting Auditor, the status of the execution of its duties, and the basis for the calculation of the compensation estimates. As a result of the Company’s review and deliberation, the Company agreed to the compensation, etc., for the Accounting Auditor in accordance with Article 399, Paragraph 1 of the Companies Act.
 2. Since the audit contract between the Company and the Accounting Auditor does not clearly distinguish between the amount of compensation, etc., for audits based on the Companies Act and the amount of compensation, etc., for audits based on the Financial Instruments and Exchange Act and it is also not practicable to distinguish them, the sum of these amounts is shown as the total amount of compensation etc., for the fiscal year under review.

3) Content of non-audit operations

The Company commissions and pays compensation to the Accounting Auditor for “comfort letter issuance operation,” which is a service other than those stipulated in Article 2, Paragraph 1 of the Certified Public Accountants Act (non-audit operations).

4) Policy on determining dismissal or non-reappointment of Accounting Auditor

The Audit & Supervisory Committee shall dismiss the Accounting Auditor with the unanimous consent of all Members of the Audit & Supervisory Committee if the Accounting Auditor is deemed to fall under any of the items of Article 340, Paragraph 1 of the Companies Act. In this case, Member of the Audit & Supervisory Committee selected by the Audit & Supervisory Committee shall report the dismissal of the Accounting Auditor and the reasons thereof at the first General Meeting of Shareholders convened after the dismissal. In addition, if the Audit & Supervisory Committee finds it necessary to change the Accounting Auditor, such as when it determines that the Accounting Auditor's performance of its duties is impaired, the Audit & Supervisory Committee shall determine the details of a proposal for dismissal or non-reappointment of the Accounting Auditor to be submitted to the General Meeting of Shareholders.

5) Overview of content of agreements to limit liability

No applicable items.

(6) Systems to Ensure the Appropriateness of Operations

The following is an overview of the basic policies determined for the system to ensure that the execution of duties by Directors complies with laws and regulations and the Articles of Incorporation, and other systems to ensure the appropriateness of the Company's operations.

Basic approach and status of maintenance toward establishment of internal control systems

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

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

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

- 4) System to ensure the efficient execution of duties by Directors
 - (a) The Company shall formulate a medium-term management plan and an annual management plan in order to clarify goals to be achieved by the Company, and shall thoroughly manage daily, monthly and quarterly operations to clarify the progress of the goals so that prompt judgment and decision can be made.
 - (b) In addition to simplifying the decision-making process to speed up the decision-making, the Company shall make executive decisions on matters to be decided by the President that may have a significant impact on the management of the Company and the Group based on discussions with the Director in charge and Executive Officers, and report these decisions to the Board of Directors as appropriate.

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

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

- 7) Matters concerning Directors and employees who are to assist the Audit & Supervisory Committee in its duties (hereinafter the “Assistant Employees, etc.”) and matters concerning the independence of the Assistant Employees, etc., from other Directors and the securing of the effectiveness of instructions
 - (a) From the viewpoint of ensuring the effectiveness of audits by the Audit & Supervisory Committee, the Company shall appoint the necessary personnel as the Assistant Employees, etc., and enhance the system.
 - (b) From the viewpoint of ensuring independence, the Assistant Employees, etc., shall perform their duties under the direction of the Audit & Supervisory Committee.
 - (c) The prior consent of the Audit & Supervisory Committee is required for the transfer of, evaluation of, and disciplinary action against the Assistant Employees, etc.

- 8) System for Directors (excluding Directors who are Members of the Audit & Supervisory Committee) and employees to report to the Audit & Supervisory Committee and other systems related to reporting to the Audit & Supervisory Committee
 - (a) Directors (excluding Directors who are Members of the Audit & Supervisory Committee) shall promptly report to the Audit & Supervisory Committee on matters that have a material impact on the Company and the Group, the status of internal audits, the status of reporting to the “Zensho Group Hotline,” etc.
 - (b) Any officer or employee of the Company or its subsidiaries who discovers any matter that may materially affect the Company or the Group may report directly to the Audit & Supervisory Committee, and such reports shall be handled in accordance with the “Group Internal Report Regulations.” The Company shall ensure that no person who makes such report shall be subjected to any disadvantageous treatment because of such report.
 - (c) The Audit & Supervisory Committee shall share information and improve efficiency through mutual disclosure of audit plans, audit results, etc., with the internal audit division.

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

Basic policy on elimination of antisocial forces and status of its maintenance

- 1) Basic policy on elimination of antisocial forces

The Company shall have no relationship with antisocial forces. The Company shall take a resolute attitude toward any unreasonable demands from antisocial forces, and shall not provide any monetary or other economic benefits. Furthermore, the Company will ensure that all Group companies are fully aware of this policy.
- 2) Status of maintenance for elimination of antisocial forces
 - (a) The Company has established the “Zensho Group Charter” to promote corporate ethics, and has also established the “Group Compliance Regulations” and “Compliance Action Guidelines” to realize compliance, thereby providing specific guidelines for the “elimination of antisocial forces.”
 - (b) The Company shall make the “Zensho Group Charter,” “Group Compliance Regulations,” and “Compliance Action Guidelines” known and thoroughly understood by all employees through training at the time of hiring or periodic training.
 - (c) In addition, to deal with antisocial forces, the “Committee of Total Risk Management and Compliance” has been organized to ensure that no individual or department is left alone, and a system has been established to deal with such forces in cooperation with the police, attorneys, and other external specialized agencies.

(7) Operational Status of Systems to Ensure the Appropriateness of Operations

The following is an overview of the status of operation of the system to ensure the appropriateness of the Company’s operations during the fiscal year under review.

- 1) Systems for compliance

The Company has established a department dedicated to compliance and is working to further spread compliance awareness throughout the Group through the following activities:

 - (a) Compliance training is conducted for each division of the Company and each Group company. Through this training, the Company promotes the identification of compliance issues and the formulation of preventive measures in each division of the Company and each Group company, and confirms the progress of the preventive measures.
 - (b) The Committee of Total Risk Management and Compliance meets on a regular basis to confirm and strengthen preventive measures for common compliance-related issues in the Group by the divisions specializing in the respective fields.
- 2) Systems for risk management

The Company has established a department dedicated to risk management and is strengthening its risk management system through the following activities.

 - (a) The Committee of Total Risk Management and Compliance meets regularly to identify risk issues related to the entire Group’s businesses, etc., confirm the formulation of countermeasures and the status of their implementation by each specialized division of the Company, and strengthen those countermeasures as necessary.
 - (b) In preparation for large-scale accidents and disasters, the Company is developing an organizational structure to ensure that its stores can continue to operate as “food infrastructure.”
 - (c) In response to COVID-19, the emergency headquarters is working to ensure the safety and security of the customers and employees, as well as the continuation of restaurant operations.

3) System for the execution of duties by Directors

- (a) The Company establishes an annual management plan and manages the progress of the plan based on monthly and quarterly business results, while the Board of Directors deliberates and resolves on measures that need to be taken.
- (b) Important investment projects are submitted to the Board of Directors after prior deliberation by the Investment Advisory Committee in order to speed up the decision-making process of Directors.
- (c) The Company is continuously working to improve the operation of the Board of Directors through measures such as conducting an evaluation of the effectiveness of the Board of Directors.

4) Management system for Group companies

- (a) In accordance with the Group Company Management Regulations, each division of the Group closely exchanges information with major subsidiaries and confirms the progress of plans and responses to issues at each company.
- (b) The Company dispatches officers and employees to Group companies to grasp the status of business execution at each company and confirm the appropriateness and effectiveness of business activities.
- (c) The Company has strengthened its management system by establishing an intermediate holding company for each business field.
In addition, the internal audit division audits the Company's administrative divisions and the Group companies based on the audit plan, and reports the audit results to the Company's Representative Director and the Audit & Supervisory Committee.

5) Systems for audits by the Audit & Supervisory Committee

- (a) Members of the Audit & Supervisory Committee attend major meetings in addition to meetings of the Company's Board of Directors, inspect important documents such as approval documents, and interview Directors (excluding Directors who are Members of the Audit & Supervisory Committee), Executive Officers, Senior General Managers, and Presidents of the Group companies, in order to audit the status of execution of duties by Directors (excluding Directors who are Members of the Audit & Supervisory Committee).
- (b) One full-time Member of the Audit & Supervisory Committee is selected to monitor and verify the status of the establishment and operation of the internal control system on a daily basis, based on his/her characteristics as full-time member.
- (c) Members of the Audit & Supervisory Committee make efforts to ensure the effectiveness of audits by holding regular meetings of the Audit & Supervisory Committee to exchange information among themselves and by exchanging information with the internal audit division and the Accounting Auditor.
- (d) Members of the Audit & Supervisory Committee hold liaison meetings with the Auditors of the Group companies as necessary to establish a system to ensure the effectiveness of the audit as a corporate group, including all Group companies.

(8) Policy for determining dividends of surplus, etc.

At the 41st Ordinary General Meeting of Shareholders held on June 23, 2023, the Company resolved to amend its Articles of Incorporation to allow the Company to pay dividends of surplus, etc. by a resolution of the Board of Directors in accordance with Article 459 of the Companies Act.

The Board of Directors, at its meeting held on May 14, 2024, approved an interim dividend of 25 yen per common share and a year-end dividend of 25 yen, for a total annual dividend of 50 yen per common share for the fiscal year under review.

(Of the figures provided in this Business Report, amounts and numbers of shares are rounded down, and ratios and other figures are rounded to the nearest significant digit.)

TOPICS

TOPICS 1 ZENSHO FAIR TRADE -Republic of Uganda-

Providing a safe place for children to learn

Constructed a dormitory for girls at Mugete Elementary School
January 2022



The construction of the girls' dormitory enabled children to attend classes in a safe and secure

Constructed a school building for Nyabissi Junior High School
June 2023



Children attending classes in the newly constructed school building



Interact with Zensho employees



Girls relaxing in the girls' dormitory



With growers who are parents of students



Exterior of the Junior High School

Mugete Elementary School is located in Kasese District in Uganda, where coffee growers live. It was not rare for students to take four to five hours to go to school, and some children walked home in the dark after sunset. Some children were unable to go to school due to fear of crimes targeting women and children, which were frequent in the neighborhood.

In January 2022, the Zensho Group used a social development fund from fair trade to build a dormitory for girls, with beds and mattresses for 80 students, allowing them to sleep in and go to school from there. In June 2023, a school building for Nyabissi Junior High School was constructed, enabling children who had given up on continuing their education because the junior high school was too far away to go to.

The Zensho Group will continue to support the future possibilities of children.

*Social development fund: An amount of money from the purchase price of raw materials that is allocated to activities to improve the lives of local people in need.

TOPICS 2 Dispatched food trucks

Supported the Noto Peninsula Earthquake relief



In the Noto Peninsula Earthquake that occurred on January 1, 2024, Sukiya’s food trucks were dispatched to the affected areas immediately after the quake. With the desire to deliver hot meals to those affected by the earthquake as soon as possible, our employees put their heart into serving freshly prepared gyudon. Even in areas such as Wajima City and Suzu City, which were difficult to access due to the enormous damage immediately after the disaster, we were able to provide gyudon to more people through cooperation with the government and Peace Winds Japan, a specified nonprofit organization. As “food infrastructure,” the Zensho Group will continue to stand by and work together with local communities not only in normal times but also in times of emergency.

*A total of 35,558 meals served from January to April 2024

For more information on the Noto Peninsula Earthquake support, please visit here.
https://www.zensho.co.jp/jp/sustainability/contribution/csr/archives/post_11.html



Food truck on the move (Wajima City)



A long line of people waiting for gyudon



Serving hot gyudon to those affected by the earthquake



Experienced hand washing, which all employees do in the restaurant KidZania Fukuoka is a place where children can have fun while learning about how society works. Hama-sushi opened its sushi restaurant pavilion there. At KidZania, children can experience about 100 different jobs and services. The sushi restaurant pavilion is positioned as part of a food education initiative to help children learn more about sushi.

TOPICS 3 KidZania Fukuoka

Hama-Sushi opened the sushi restaurant pavilion



Children can experience making sushi and other dishes wearing Hama-Sushi uniform. They can learn about our commitment to sushi, which makes use of rice, vinegar, fish, and other ingredients that play an important role in Japanese food culture. We hope that they will become new fans of Hama-Sushi while developing a greater interest in food.



Rice and ingredients used are the ones actually served at the restaurant, giving children a real work experience

Consolidated Financial Statements

Consolidated Balance Sheet

(Million yen)

Item	42nd fiscal year (As of March 31, 2024)
Assets	
Current assets	224,457
Cash and deposits	82,171
Accounts receivable - trade	46,727
Securities	19,907
Merchandise and finished goods	5,113
Work in process	2,731
Raw materials and supplies	41,058
Other	27,112
Allowance for doubtful accounts	(365)
Non-current assets	522,746
Property, plant and equipment	232,013
Buildings and structures	105,360
Machinery, equipment and vehicles	11,939
Tools, furniture and fixtures	33,328
Land	29,109
Leased assets	48,335
Construction in progress	3,939
Intangible assets	220,279
Trademark right	201,169
Goodwill	13,616
Other	5,493
Investments and other assets	70,453
Investment securities	2,162
Guarantee deposits	38,074
Long-term prepaid rent	13,004
Deferred tax assets	9,922
Other	7,396
Allowance for doubtful accounts	(105)
Deferred assets	852
Share issuance cost	808
Bond issuance cost	43
Total assets	748,056

(Million yen)

Item	42nd fiscal year (As of March 31, 2024)
Liabilities	
Current liabilities	180,704
Accounts payable - trade	43,148
Short-term borrowings	7,542
Current portions of bonds payable	10,000
Current portion of long-term borrowings	26,735
Lease obligations	13,619
Income taxes payable	14,966
Contract liabilities	860
Provision for bonuses	4,082
Other	59,748
Non-current liabilities	352,699
Bonds payable	15,000
Long-term borrowings	224,369
Lease obligations	42,723
Provision for share awards	378
Retirement benefit liability	274
Asset retirement obligations	6,814
Deferred tax liabilities	57,102
Other	6,037
Total liabilities	533,403
Net assets	
Shareholders' equity	193,355
Share capital	47,497
Capital surplus	74,112
Retained earnings	85,461
Treasury shares	(13,715)
Accumulated other comprehensive income	21,029
Valuation difference on available-for-sale securities	24
Deferred gains or losses on hedges	158
Foreign currency translation adjustment	20,845
Non-controlling interests	267
Total net assets	214,652
Total liabilities and net assets	748,056

Consolidated Statement of Income

(Million yen)

Item	42nd fiscal year (From April 1, 2023, to March 31, 2024)
Net sales	965,778
Cost of sales	441,727
Gross profit	524,050
Selling, general and administrative expenses	470,342
Operating profit	53,707
Non-operating income	2,571
Interest income	850
Dividend income	5
Share of profit of entities accounted for using equity method	6
Subsidy income	570
Other	1,138
Non-operating expenses	5,365
Interest expenses	3,790
Foreign exchange losses	147
Other	1,427
Ordinary profit	50,913
Extraordinary income	573
Gain on sale of non-current assets	64
Insurance income	128
Gain on termination of retirement benefit plan	179
Other	202
Extraordinary losses	3,960
Loss on retirement of non-current assets	1,890
Impairment losses	1,350
Other	719
Net profit before income taxes	47,526
Income taxes - current	18,033
Income taxes - deferred	(1,217)
Total income taxes	16,816
Net profit	30,709
Profit attributable to non-controlling interests	16
Profit attributable to owners of parent	30,693

Consolidated Statement of Changes in Shareholders' Equity
(From April 1, 2023, to March 31, 2024)

(Million yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance as of April 1, 2023	26,996	23,809	60,576	(6,915)	104,466
Cumulative effects of changes in accounting policies			233		233
Restated balance as of April 1, 2023	26,996	23,809	60,810	(6,915)	104,700
Changes of items 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 of scope of consolidation		(199)	(442)		(641)
Purchase of shares of consolidated subsidiaries		–			–
Net changes of items other than shareholders' equity	–	–	–	–	–
Total changes of items during period	20,501	50,302	24,650	(6,799)	88,655
Balance as of March 31, 2024	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	Remeasurements of defined benefit plans	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance as of April 1, 2023	(58)	(1,081)	58	12,248	11,167	203	115,837
Cumulative effects of changes in accounting policies				(233)	(233)		–
Restated balance as of April 1, 2023	(58)	(1,081)	58	12,015	10,933	203	115,837
Changes of items 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 of scope of consolidation							(641)
Purchase of shares of consolidated subsidiaries							–
Net changes of items other than shareholders' equity	83	1,240	(58)	8,830	10,095	64	10,159
Total changes of items during period	83	1,240	(58)	8,830	10,095	64	98,815
Balance as of March 31, 2024	24	158	–	20,845	21,029	267	214,652

Notes to Consolidated Financial Statements

1. Significant matters for basis of preparation of consolidated financial statements

(1) Matters concerning scope of consolidation

1) Number and names of consolidated subsidiaries

Number of consolidated subsidiaries: 161

Names of principal consolidated subsidiaries

Zensho Fast Food Holdings Co., Ltd.

Nakau Co., Ltd.

Zensho Restaurant Holdings Co., Ltd.

Jolly-Pasta Co., Ltd.

TAG-1 Co., Ltd.

Olive Hill Co., Ltd.

Nihon Retail Holdings Co., Ltd.

United Veggies Co., Ltd.

GFF Co., Ltd.

Zensho Tradings Co., Ltd.

Global Table Supply Co., Ltd.

Nihon Kaigo Holdings Co., Ltd.

Advanced Fresh Concepts Corp.

Zensho China Holdings Co., Ltd.

Zensho Taiwan Co., Ltd.

Sukiya Co., Ltd.

Lotteria Co., Ltd.

Coco's Japan Co., Ltd.

Big Boy Japan Co., Ltd.

Hanaya Yohei Co., Ltd.

Hama-Sushi Co., Ltd.

Joy Mart Co., Ltd.

Zensho Factory Holdings Co., Ltd.

Tolona Japan Co., Ltd.

Global MD Holdings Co., Ltd.

Global Fresh Supply Co., Ltd.

Zensho USA Corporation

Pocino Foods Company

Zensho Restaurant (Shanghai) Co., Ltd.

ZENSHO SOUTH EAST ASIA HOLDINGS PTE.
LTD.

TCRS Restaurants Sdn. Bhd.

Z ENSHO HOLDINGS MALAYSIA SDN.
BHD.

Zensho Europe Holdings B.V.

Sushi Circle Gastronomie GmbH

SnowFox Topco Limited

(Notes) 1. A total of seven companies including Marix Co., Ltd. and other companies, which were non-consolidated subsidiaries until the previous fiscal year, are included in the scope of consolidation due to their increased importance during the fiscal year under review.

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

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

2. On April 1, 2024, Zensho Fast Food Holdings Co., Ltd. and Zensho Restaurant Holdings Co., Ltd. changed their names to Zensho Global Fast Food Holdings Co., Ltd. and Zensho Global Restaurant Holdings Co., Ltd., respectively.

2) Matters concerning principal non-consolidated subsidiaries

• Names of principal non-consolidated subsidiaries

Zensho Food India Private Limited and 4 other companies

• Reasons for exclusion from the scope of consolidation

The non-consolidated subsidiaries are excluded from the scope of consolidation because they are small-scale companies and do not have a material impact on the consolidated financial statements with respect to total assets, net sales, profit or loss, retained earnings, etc.

(2) Matters concerning application of the equity method

1) Matters concerning non-consolidated subsidiaries and affiliates subject to the equity method

Number of equity-method affiliates: 1

Names of companies, etc.

MARUI Wasabi, Inc.

2) Matters concerning non-consolidated subsidiaries or affiliates not subject to the equity method

• Names of principal non-consolidated subsidiaries

Zensho Food India Private Limited and 4 other companies

- Reasons the equity method is not applied
The non-consolidated subsidiaries and affiliates not subject to the equity method are excluded from application of the equity method because the impact of each on profit or loss, retained earnings, etc., is negligible, and is immaterial as a whole.

(3) Matters concerning fiscal year of consolidated subsidiaries

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

(4) Matters concerning accounting policies

1) Basis and methods for valuation of significant assets

a. Basis and methods for valuation of securities

Available-for-sale securities

Securities other than shares, etc., that do not have a market price: Stated at market value. (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving average method.)

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

Shares, etc., that do not have a market price: Stated at cost using the moving average method

b. Derivatives: Stated at market value

c. Basis and methods for valuation of inventories

Merchandise: Mainly stated at cost using the retail method (the figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)

Finished goods, work in process, and raw materials: Mainly stated at cost using the first-in first-out method (the figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)

Supplies: Mainly stated at cost using the last purchase price method (the figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)

2) Depreciation or amortization method for significant depreciable or amortizable assets

a. Property, plant and equipment (excluding leased assets)

Mainly the straight-line method is applied

The main useful lives are as follows:

Buildings and structures 2 to 50 years

Tools, furniture and fixtures 2 to 20 years

b. Intangible assets

Straight-line method is applied

Software for internal use is amortized by the straight-line method over the estimated useful life (5 years).

However, trademark rights whose useful life cannot be determined are not amortized.

c. Leased assets

Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease period by the straight-line method assuming the residual value is zero or the guaranteed residual value.

In addition, certain foreign consolidated subsidiaries have adopted International Financial Reporting Standards (IFRS) No. 16 "Leases" and, in principle, record all lessees' lease transactions as assets and liabilities, and depreciate such assets with the straight-line method.

- 3) Standards of accounting for significant reserves
- a. Allowance for doubtful accounts
To provide provision for possible losses on receivables, the allowance for doubtful accounts is provided based on the historical write-off ratio for general receivables and on the estimated amount of uncollectible receivable based on a case-by-case determination of collectability for specific receivables such as doubtful receivables.
 - b. Provision for bonuses
To provide for the payment of bonuses to employees, a provision for bonuses is provided based on the estimated amount of future bonus payments.
 - c. Provision for share awards
To provide for the payment of the Company's shares to Directors, etc. based on the Executive Stock Benefit Regulations, a provision for share awards is provided based on the estimated amount of share awards obligation.

(5) Other significant matters for preparing consolidated financial statements

1) Accounting treatment for deferred assets

Share issuance cost	Amortized using straight-line method over 3 years
Bond issuance cost	Amortized using straight-line method over the term of bonds

2) Accounting treatment of retirement benefits

The Company and certain of its consolidated subsidiaries have adopted defined contribution pension plan.

Also, certain of its consolidated subsidiaries have adopted defined benefit pension plan and the retirement benefits are calculated based on the simplified method.

3) Basis of translation of important assets and liabilities denominated in foreign currencies into yen

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

4) Hedge accounting method

a. Hedge accounting method

The Company applies the deferral accounting method.

Allocation treatment is applied for derivative transactions if they meet the criteria for allocation treatment, and exceptional treatment is applied for interest rate swaps if they meet the criteria for exceptional treatment. For investments in equity of overseas consolidated subsidiaries, foreign currency translation differences arising from hedging instruments are included in foreign currency translation adjustment.

b. Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contract	Accounts payable in foreign currency
Forward exchange contract	Accounts receivable in foreign currency
Forward exchange contract	Investments in equity of overseas consolidated subsidiaries
Interest rate swaps	Interests on borrowings

c. Hedging policy

The policy aims to avoid risks from fluctuations in interest rates and foreign exchange rates for debt obligations, monetary receivables and payables denominated in foreign currencies, and investments in equity of overseas consolidated subsidiaries, etc.

d. Method of assessing hedge effectiveness

The Company's hedge transactions are deployed in accordance with the risk management policies of the Company, and complete correlations are confirmed between hedging instruments and hedged items resulting from fluctuations in interest rates and foreign exchange rates.

5) Basis for recording revenues and expenses

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

Revenue from the provision of services is mainly derived from the provision of food based on customer orders at restaurants in the Gyudon, Family Dining, and Fast Food Service categories, etc. Revenue is recognized at the time the performance obligation is satisfied when the food is served to the customer and the consideration is received.

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

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

(6) Matters concerning amortization of goodwill

Goodwill is amortized by the straight-line method over a period of 20 years or less.

2. Notes to 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.

3. Notes to changes in presentation method

(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.

4. 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 1,054 million yen and 291 thousand shares, respectively, as of the end of the fiscal year under review.

- (3) Carrying amount of borrowings recorded using gross method
Not applicable.

5. Notes to accounting estimates

(1) Determination of recognition of impairment losses on store assets in the Restaurant business

As of the end of the fiscal year under review, the Group recorded store assets related to the Restaurant business of 115,254 million yen (property, plant and equipment of 115,074 million yen, intangible assets of 103 million yen, and investments and other assets of 76 million yen) in its consolidated balance sheets.

The Group groups such store assets mainly by store, and for stores with continuously negative cash flow from operating activities used in managerial accounting, the Company determines that the store assets show signs of impairment and judges whether an impairment loss should be recognized, and recognizes impairment loss for the store assets for which impairment losses are determined to be recognized.

In determining whether to recognize an impairment loss, the Company compares the total undiscounted future cash flows of the store with the book value of the store assets. The estimated period of undiscounted future cash flows is the average remaining useful life of major assets, and no growth rate is set for cash flows for periods beyond the medium-term plan.

Of the stores for which the signs of impairment were recognized, the number of stores and book values of the major companies in the Restaurant business for which the recognition of impairment losses were determined not to be required in the fiscal year under review are as follows:

Company name	Number of stores	Book value (Million yen)
Nakau Co., Ltd.	15	96
Big Boy Japan Co., Ltd.	17	214
TAG-1 Co., Ltd.	10	676

(2) Determination of recognition of impairment losses on goodwill

As of the end of the fiscal year under review, the Group has recorded 13,616 million yen of goodwill on its consolidated balance sheet.

The Group groups goodwill into larger units by adding goodwill to multiple asset groups related to the business to which the goodwill belongs. For businesses with continuously negative operating profit (loss) (after taking into account amortization of goodwill), the Company determines that the goodwill shows signs of impairment and judges whether an impairment loss should be recognized, and recognizes impairment loss for the goodwill for which impairment losses are determined to be recognized.

In determining whether to recognize an impairment loss, the Company compares the total undiscounted future cash flows of the business to which the goodwill is attributable with the book value of the asset group that includes the goodwill. The estimated period of undiscounted future cash flows is the remaining useful life of the goodwill, and no growth rate is set for cash flows for periods beyond the medium-term plan.

Of the goodwill for which the signs of impairment were recognized, there are three businesses (the Retail business, Manufacturing and wholesaling business for external sales, and Nursing care business) to which goodwill that was determined not to require recognition of impairment loss in the fiscal year under review are attributed, and their book values are 6,199 million yen, 1,020 million yen, and 884 million yen, respectively.

6. Notes to the consolidated balance sheet

(1) Assets pledged as collateral and secured liabilities

1) Assets pledged as collateral

Buildings and structures	244 million yen
Land	1,139 million yen

2) Obligations related to the above properties

Long-term borrowings (including current portion of long-term borrowings)	501 million yen
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(2) Accumulated depreciation of property, plant and equipment 268,213 million yen

7. Notes to the consolidated statements of income
(Impairment losses)

The Group recognized impairment losses on the following asset groups.

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

The Group groups assets primarily in units of directly-managed stores and leased properties, while headquarters, production facilities, training facilities, etc. related to multiple divisions are considered to be common assets.

Of these, the book value of directly-managed stores with deteriorating operating profit (loss) was reduced to the recoverable amount, and an impairment loss of 1,350 million yen (817 million yen for buildings and structures, and 533 million yen for others) was recognized.

The recoverable amount is based on the net realizable value or the value in use. The net realizable sale price is mainly based on the roadside land price or the assessed value for property tax with reasonable adjustments, while the value in use is mainly zero since cash flow is not expected.

8. Notes to consolidated statement of changes in shareholders' equity

(1) Total number of outstanding shares at the end of the fiscal year under review

Common stock	160,733,225 shares
Class A preferred shares	300 shares

(2) Matters concerning dividends

1) Amount of dividends paid

Resolution	Type of stock	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 23, 2023	Common stock	1,825	12	March 31, 2023	June 26, 2023
Meeting of Board of Directors held on November 10, 2023	Class A preferred shares	8	29,589.04	September 30, 2023	December 5, 2023
Meeting of Board of Directors held on November 10, 2023	Common stock	3,777	25	September 30, 2023	December 5, 2023

(Notes) 1. Total dividend amount resolved at the Ordinary General Meeting of Shareholders held on June 23, 2023 includes dividends of 3 million yen for common stock held by Japan Custody Bank, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust (BBT).

2. Total dividend amount resolved at the meeting of Board of Directors held on November 10, 2023 includes dividends of 7 million yen for common stock held by Japan Custody Bank, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust (BBT).

2) Dividends with a record date in the current fiscal year but with an effective date in the following fiscal year

Resolution	Type of stock	Source of funding	Total dividends (Million yen)	Dividends per share (Yen)	Record date	Effective date
Meeting of Board of Directors held on May 14, 2024	Class A preferred shares	Retained earnings	812	2,707,397.26	March 31, 2024	May 15, 2024
Meeting of Board of Directors held on May 14, 2024	Common stock	Retained earnings	3,923	25	March 31, 2024	June 7, 2024

(Note) Total dividend amount resolved at the meeting of Board of Directors held on May 14, 2024 includes dividends of 7 million yen for common stock held by Japan Custody Bank, Ltd. (Trust Account E) as trust assets of the Board Benefit Trust (BBT).

9. Notes on financial instruments

(1) Matters concerning status of financial instruments

1) Policy regarding financial instruments

The Group raises necessary funds (mainly through bank loans and bond issuance) in light of its capital investment plans. Temporary surplus funds are mainly invested in highly liquid financial assets, and short-term working capital is raised through bank loans. Derivatives are used to avoid the risks described below, and the Company's policy is not to engage in speculative transactions.

2) Content of financial instruments and risks

Accounts receivable - trade, which are trade receivables, are exposed to the credit risk of counterparties.

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

Investment securities are mainly shares of companies with which the Company has business relationships, and listed shares are exposed to market price fluctuation risk.

Investments in equity of overseas consolidated subsidiaries are exposed to foreign exchange fluctuation risk, a portion of which is hedged by using forward exchange contracts.

Prepaid rent and long-term prepaid rent are construction assistance fund receivables and are collected by offsetting rent paid, but are exposed to credit risk of the store property owner. Guarantee deposits are also exposed to the credit risk of the store property owner and other counterparties.

Most accounts payable - trade, which are trade payables, are due within one month. Although some of them are denominated in foreign currencies and are exposed to foreign exchange fluctuation risk, such risk is hedged by using forward exchange contracts.

Bonds and borrowings are mainly for the purpose of financing capital investment, and the longest maturity date is 35 years after the settlement date. A portion of these is exposed to interest rate fluctuation risk, which is hedged using derivative transactions (interest rate swap transactions).

Lease liabilities related to finance lease transactions are for the purpose of financing capital investment and are based on fixed interest rates.

Derivative transactions consist of forward exchange contracts to hedge foreign exchange fluctuation risks associated with foreign currency-denominated trade receivables and payables and investments in equity of overseas consolidated subsidiaries, and interest rate swaps to hedge interest rate fluctuation risks associated with borrowings. For hedging instruments, hedged items, hedging policy, and the method of evaluating the effectiveness of hedging activities, please refer to "1. Significant matters for basis of preparation of consolidated financial statements; (5) Other significant matters for preparing consolidated financial statements; 4) Hedge accounting method" above.

3) Risk management system for financial instruments

a. Management of credit risk (risk related to nonperformance by counterparties)

With regard to accounts receivable - trade, the Company manages due dates and balances by counterparty. Consolidated subsidiaries also manage accounts receivable - trade in the same manner.

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

For construction assistance fund receivable and guarantee deposits, the Company regularly monitors the status of counterparties in order to mitigate risk by early detection of deterioration in their financial conditions.

The Company recognizes that there is almost no credit risk in derivative transactions because the counterparties are limited to financial institutions with high credit ratings.

b. Management of market risk (risk related to foreign exchange rate and interest rate fluctuation)

In principle, the Company uses forward exchange contracts to hedge foreign currency-denominated trade receivables and payables and investments in equity of overseas consolidated subsidiaries against the risk of exchange rate fluctuations in the respective currencies, which are periodically monitored. In addition, the Company uses interest rate swaps to limit the risk of fluctuations in interest rates payable on borrowings.

For securities, the Company periodically monitors market prices of the securities in question and the fair value information presented by financial institutions with which the Company has transactions.

With regard to investment securities, the Company periodically monitors market prices and financial conditions of issuers, and reviews its holdings continuously by taking into consideration its relationships with counterparty companies.

Derivative transactions are executed and managed by the department in charge with the approval of the person in charge of approval, in accordance with the management regulations that stipulate transaction

authority and limits on the transaction amount. Monthly transaction results are reported to the officer in charge.

- c. Management of liquidity risk (risk related to failure to make payments by due date) related to funding
The Company manages liquidity risk by preparing and updating cash management plans in a timely manner and maintaining liquidity on hand.

(2) Fair value, etc., of financial instruments

The amounts posted on the consolidated balance sheet, the fair values, and the difference thereof as of March 31, 2024, are as follows.

	Amount recorded on the consolidated balance sheet (Million yen)	Fair value (Million yen)	Difference (Million yen)
1. Accounts receivable - trade	46,727	46,727	—
2. Securities	19,907	19,907	—
3. Investment securities (Note 2)	131	131	—
4. Prepaid rent and long-term prepaid rent	14,784	13,634	(1,149)
5. Guarantee deposits	38,074	37,521	(552)
Total assets	119,625	117,922	(1,702)
1. Accounts payable - trade	43,148	43,148	—
2. Short-term borrowings	7,542	7,542	—
3. Bonds payable (including current portions of bonds payable)	25,000	24,652	(347)
4. Long-term borrowings (including current portion of long-term borrowings)	251,104	248,778	(2,326)
5. Lease liabilities (including current portion of lease liabilities)	56,342	56,015	(326)
Total liabilities	383,138	380,137	(3,000)
Derivative transactions (Note 3)	241	241	—

- (Notes) 1. Cash is omitted from the notes, and deposits are also omitted from the notes because they are settled in a short period of time, and their fair value approximates their book value.
2. Shares, etc., that do not have a market price (2,030 million yen on the consolidated balance sheet) are not included in “investment securities.”
3. Assets and liabilities generated by derivative transactions are shown as net amounts.

(3)

Fair value information by appropriate classification within the fair value hierarchy

The fair value of financial instruments is classified into the following three levels according to the observability and materiality of inputs used to measure fair value.

Level 1 fair value: Fair value calculated using (unadjusted) quoted prices of identical assets or liabilities in active markets.

Level 2 fair value: Fair value calculated using directly or indirectly observable inputs other than Level 1 inputs.

Level 3 fair value: Fair value calculated using significant unobservable inputs.

If multiple inputs are used that are significant to the fair value measurement, the fair value measurement is categorized in its entirety in the level of the lowest level input that is significant to the entire measurement.

1) Financial assets and liabilities measured at fair value

Classification	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
1. Securities	–	19,907	–	19,907
2. Investment securities	131	–	–	131
3. Derivative transactions	–	241	–	241
Total assets	131	20,149	–	20,280
1. Derivative transactions	–	–	–	–
Total liabilities	–	–	–	–

2) Financial assets and liabilities other than those measured at fair value

Classification	Fair value (Million yen)			
	Level 1	Level 2	Level 3	Total
1. Accounts receivable - trade	–	46,727	–	46,727
2. Prepaid rent and long-term prepaid rent	–	13,634	–	13,634
3. Guarantee deposits	–	37,521	–	37,521
Total assets	–	97,883	–	97,883
1. Accounts payable - trade	–	43,148	–	43,148
2. Short-term borrowings	–	7,542	–	7,542
3. Bonds payable	–	24,652	–	24,652
4. Long-term borrowing	–	248,778	–	248,778
5. Lease liabilities	–	56,015	–	56,015
Total liabilities	–	380,137	–	380,137

(Note) A description of the valuation technique(s) and inputs used in the fair value measurements

Assets

1. Accounts receivable - trade

Since accounts receivable - trade are settled in a short period of time, their fair value approximates their book value. Thus, such book value is used as their fair value.

2. Securities

Bonds are valued using prices quoted by financial institutions with which the Company has transactions. As bonds are not traded in active markets, their fair value is classified as Level 2.

3. Investment securities

Listed shares are valued using quoted prices. As listed shares are traded in active markets, their fair value is classified as Level 1.

4. Prepaid rent and long-term prepaid rent

The fair value of prepaid rent and long-term prepaid rent is calculated based on the present value calculated by discounting the yield of the government bonds immediately before the end of the fiscal year from the total future cash flows, and is classified as Level 2.

5. Guarantee deposits

The fair value of guarantee deposits is calculated based on the present value calculated by discounting the yield of government bonds immediately before the end of the fiscal year from the sum of the principal and interest (including interest-free ones), and is classified as Level 2.

Liabilities

1. Accounts payable - trade and 2. Short-term borrowings

Since accounts payable - trade and short-term borrowings are settled in a short period of time, their fair value approximates their book value. Thus, such book value is used as their fair value.

3. Bonds payable and 4. Long-term borrowings

The fair value of these items is measured using the discounted cash flow method based on the sum of the principal and interest, remaining maturities, and an interest rate reflecting credit risk, and is classified as Level 2.

5. Lease liabilities

The fair value of lease liabilities is calculated based on the present value calculated by discounting the sum of the principal and interest at the interest rate that would be applicable to similar new lease transactions, etc., and is classified as Level 2.

Derivative transactions

The fair values of interest rate swaps and forward exchange contracts are based on the prices, etc., presented by the financial institutions with which the Company has transactions, and are classified as Level 2. The fair value of interest rate swaps accounted for under exceptional accounting treatment is included in the fair value of long-term borrowings because they are accounted for as an integral part of the long-term borrowings that are hedged.

10. Notes to revenue recognition

(1) Disaggregation of revenue from contracts with customers

(Million yen)

	Global Sukiya	Global Hamasushi	Global Fast Food	Restaurants	Retail	Corporate and Support	Total	Other	Total
Goods and services transferred at a point in time	265,341	197,057	170,206	140,545	77,351	3,481	853,984	34,498	888,482
Goods and services transferred over time	—	0	73,554	204	1,078	975	75,813	1,481	77,295
Revenue from contracts with customers	265,341	197,058	243,761	140,750	78,429	4,456	929,798	35,979	965,778
Revenue from other sources	—	—	—	—	—	—	—	—	—
Net sales to external customers	265,341	197,058	243,761	140,750	78,429	4,456	929,798	35,979	965,778

(2) Useful information in understanding revenue from contracts with customers

Useful information in understanding revenue is as presented in “1. Significant matters for basis of preparation of consolidated financial statements; (5) Other significant matters for preparing consolidated financial statements; 5) Basis for recording revenues and expenses.”

11. Notes to per share information

Net assets per share	1,171.76 yen
Basic earnings per share	195.41 yen

(Note) 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 of common stock deducted from the number of shares issued and outstanding at the end of the fiscal year, while in the calculation of basic earnings per share, those are included in the number of treasury shares of common stock 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 291,800 shares for the fiscal year under review, and the average number of such treasury shares during the period deducted in the calculation of basic earnings per share 292,020 shares for the fiscal year under review.

12. Notes to significant subsequent events

No applicable items.

Non-Consolidated Financial Statements

Non-consolidated Balance Sheet

(Million yen)

Item	42nd fiscal year (As of March 31, 2024)
Assets	
Current assets	214,577
Cash and deposits	37,925
Accounts receivable - trade	29,485
Securities	19,907
Merchandise and finished goods	5,639
Work in process	3
Raw materials and supplies	1,446
Advance payments to suppliers	66
Prepaid expenses	4,537
Prepaid rent	1,540
Accounts receivable - other	12,347
Short-term loans receivable	103,140
Current portion of long-term loans receivable	8,900
Other	610
Allowance for doubtful accounts	(10,973)
Non-current assets	320,053
Property, plant and equipment	33,276
Buildings	8,161
Structures	144
Machinery and equipment	377
Vehicles	0
Tools, furniture and fixtures	1,189
Land	14,221
Leased assets	9,151
Construction in progress	31
Intangible assets	4,180
Leasehold interests in land	91
Trademark right	0
Software	3,699
Other	388
Investments and other assets	282,596
Investment securities	5
Shares of subsidiaries and associates	213,281
Investments in capital of subsidiaries and associates	10,438
Long-term loans receivable	20
Long-term loans receivable from subsidiaries and associates	19,968
Long-term prepaid expenses	2,146
Long-term prepaid rent	11,312
Deferred tax assets	797
Guarantee deposits	24,413
Other	253
Allowance for investment loss	(41)
Deferred assets	852
Share issuance cost	808
Bond issuance cost	43
Total assets	535,482

(Million yen)

Item	42nd fiscal year (As of March 31, 2024)
Liabilities	
Current liabilities	100,708
Accounts payable - trade	23,805
Short-term borrowings	29,345
Current portions of bonds	10,000
Current portion of long-term borrowings	26,050
Lease obligations	901
Accounts payable - other	4,150
Accrued expenses	1,068
Income taxes payable	296
Contract liabilities	3,182
Deposits received	238
Provision for bonuses	1,474
Other	193
Non-current liabilities	283,852
Bonds payable	15,000
Long-term borrowings	221,025
Lease obligations	10,539
Provision for share awards	378
Provision for loss on guarantees	1,193
Asset retirement obligations	149
Guarantee deposits received	34,852
Other	714
Total liabilities	384,560
Net assets	
Shareholders' equity	151,852
Share capital	47,497
Capital surplus	86,651
Legal capital surplus	47,419
Other capital surplus	39,231
Retained earnings	31,418
Legal retained earnings	80
Other retained earnings	31,338
General reserve	3,000
Retained earnings brought forward	28,338
Treasury shares	(13,715)
Total valuation and translation adjustments	(930)
Deferred gains or losses on hedges	(930)
Total net assets	150,921
Total liabilities and net assets	535,482

Non-consolidated Statement of Income

(Million yen)

Item	42nd fiscal year (From April 1, 2023, to March 31, 2024)
Net sales	294,751
Cost of sales	275,395
Gross profit	19,355
Selling, general and administrative expenses	20,027
Operating profit	(671)
Non-operating income	12,265
Interest income	1,852
Dividend income	9,650
Foreign exchange gains	240
Other	521
Non-operating expenses	3,811
Interest expenses	2,542
Interest on bonds	127
Amortization of long-term prepaid expenses	494
Other	646
Ordinary profit	7,782
Extraordinary income	3
Other	3
Extraordinary losses	124
Loss on sale of non-current assets	5
Loss on retirement of non-current assets	39
Loss on valuation of shares of subsidiaries and associates	47
Other	31
Net profit before income taxes	7,661
Income taxes - current	89
Income taxes - deferred	41
Total income taxes	131
Net profit	7,530

Non-consolidated Statement of Changes in Shareholders' Equity
(From April 1, 2023, to March 31, 2024)

(Million yen)

	Shareholders' equity									
	Share capital	Capital surplus			Retained earnings				Treasury shares	Total shareholders' equity
		Legal capital surplus	Other capital surplus	Total capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
						General reserve	Retained earnings brought forward			
Balance as of April 1, 2023	26,996	26,918	9,230	36,149	80	3,000	26,175	29,255	(6,915)	85,485
Cumulative effects of changes in accounting policies							233	233		233
Restated balance as of April 1, 2023	26,996	26,918	9,230	36,149	80	3,000	26,408	29,488	(6,915)	85,718
Changes of items during period										
Issuance of new shares	35,501	35,501		35,501						71,002
Dividends of surplus							(5,600)	(5,600)		(5,600)
Profit							7,530	7,530		7,530
Purchase of treasury shares									(6,802)	(6,802)
Disposal of treasury shares			0	0					3	3
Transfer from share capital to other capital surplus	(15,000)	(15,000)	30,000	15,000						
Net changes of items other than shareholders' equity										
Total changes of items during period	20,501	20,501	30,000	50,501	–	–	1,929	1,929	(6,799)	66,133
Balance as of March 31, 2024	47,497	47,419	39,231	86,651	80	3,000	28,338	31,418	(13,715)	151,852

	Valuation and translation adjustments		Total net assets
	Deferred gains or losses on hedges	Total valuation and translation adjustments	
Balance as of April 1, 2023	763	763	86,248
Cumulative effects of changes in accounting policies	(233)	(233)	
Restated balance as of April 1, 2023	530	530	86,248
Changes of items during period			
Issuance of new shares			71,002
Dividends of surplus			(5,600)
Profit			7,530
Purchase of treasury shares			(6,802)
Disposal of treasury shares			3
Transfer from share capital to other capital surplus			
Net changes of items other than shareholders' equity	(1,459)	(1,459)	(1,459)
Total changes of items during period	(1,459)	(1,459)	64,674
Balance as of March 31, 2024	(930)	(930)	150,921

Notes to Non-consolidated Financial Statements

1. Notes to significant accounting policies

(1) Basis and methods for valuation of securities

- 1) Shares in subsidiaries Stated at cost using the moving average method
- 2) Available-for-sale securities
 - a. Securities other than shares, etc., that do not have a market price: Stated at market value. (Valuation difference is reported as a component of net assets. The cost of sales is calculated using the moving average method.)
For compound financial instruments for which the fair value of embedded derivatives cannot be measured separately, the entire compound financial instrument is measured at fair value and the valuation difference is reported as profit or loss.
 - b. Shares, etc., that do not have a market price: Stated at cost using the moving average method

(2) Valuation of derivatives Stated at market value

(3) Basis and methods for valuation of inventories

- 1) Merchandise, finished goods, raw materials, and work in process
Mainly stated at cost using the first-in first-out method (the figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)
- 2) Supplies
Mainly stated at cost using the last purchase price method (the figures shown in the balance sheet have been calculated by writing them down based on decline in profitability.)

(4) Depreciation method for non-current assets

- 1) Property, plant and equipment (excluding leased assets)
Straight-line method is applied
The main useful lives are as follows:
Buildings 2 to 47 years
- 2) Intangible assets
Straight-line method is applied
Software for internal use is amortized by the straight-line method over the estimated useful life (5 years).
- 3) Leased assets
Lease assets relating to finance lease transactions without transfer of ownership are depreciated over the lease period by the straight-line method assuming the residual value is zero or the guaranteed residual value.

(5) Standards of accounting for significant reserves

- 1) Allowance for doubtful accounts To provide provision for possible losses on receivables such as loans receivable, the allowance for doubtful accounts is provided based on a case-by-case determination of collectability for specific receivables such as doubtful receivables.
- 2) Provision for bonuses To provide for the payment of bonuses to employees, a provision for bonuses is provided based on the estimated amount of bonus payments.
- 3) Provision for share awards To provide for the payment of the Company's shares to Directors, etc. based on the Executive Stock Benefit Regulations, a provision for share awards is provided based on the estimated amount of share awards obligation.
- 4) Provision for loss on guarantees To provide for losses related to guarantees of obligations to affiliated companies, etc., an estimated amount of losses is recorded, taking into consideration the financial conditions, etc., of the guaranteed companies.
- 5) Allowance for investment loss To provide for losses related to investments in affiliated companies, the Company records an amount deemed necessary, taking into consideration the financial conditions, etc., of the affiliated companies.

(6) Basis for recording revenues and expenses

The Company is principally engaged in sales of food ingredients and beverages and management and store operation guidance to subsidiaries.

Revenue from sales of food ingredients and beverages is recognized at the time the goods are delivered to the customer, as the performance obligation is satisfied at that time.

Management guidance fees to subsidiaries are calculated based on the sales, etc., of the subsidiaries, and revenue is recognized by taking into consideration the time such fees are earned.

(7) Other significant matters for preparing non-consolidated financial statements

1) Accounting treatment for deferred assets

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

Bond issuance cost Amortized using straight-line method over the term of bonds

2) Hedge accounting method

a. Hedge accounting method

The Company applies the deferral accounting method.

For derivative transactions, the exceptional accounting treatment is applied to interest rate swaps if the swaps meet the requirements for such exceptional treatment.

b. Hedging instruments and hedged items

Hedging instruments	Hedged items
Forward exchange contract	Investments in equity of overseas subsidiaries
Interest rate swaps	Interests on borrowings

c. Hedging policy

The policy aims to avoid risks from fluctuations in interest rates and foreign exchange rates for debt obligations and investments in equity of overseas subsidiaries.

d. Method of assessing hedge effectiveness

The Company's hedge transactions are deployed in accordance with the risk management policies of the Company, and complete correlations are confirmed between hedging instruments and hedged items resulting from fluctuations in interest rates and foreign exchange rates.

2. Notes to 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 non-consolidated financial statements.

3. Additional information

(Board Benefit Trust (BBT))

Information has been omitted as the same information is presented in “4. Additional information” in the Notes to Consolidated Financial Statements.

4. Notes to accounting estimates

Valuation of investments in affiliated companies (investments in intermediate holding companies)

As of the end of the fiscal year under review, the Company included 109,247 million yen of investments of intermediate holding companies in its non-consolidated balance sheet as shares of subsidiaries and associates and investments in capital of subsidiaries and associates.

Regarding the valuation of investments in affiliated companies, when the actual value of investments in affiliated companies declines significantly (generally by about 50%) due to deterioration in the financial condition of the affiliated companies, a substantial reduction is made unless the possibility of recovery can be supported by sufficient evidence, and the valuation difference is treated as a loss for the period.

The actual value is calculated based on the net asset value of the affiliated company. In the case of an intermediate holding company, the actual value is calculated by taking into account the valuation difference based on the fair value of assets, etc., and other factors.

The medium-term plan of the relevant affiliated company is considered as sufficient evidence to support the possibility of recovery. However, in the case of an intermediate holding company, the medium-term plan of the entire intermediate holding company group, including its subsidiaries, is considered as sufficient evidence.

There are no investments in intermediate holding company investments, for which the substantial reduction was deemed unnecessary despite the significant decline in the actual value of intermediate holding company, including their operating subsidiaries, in consideration of the medium-term plan of the entire intermediate holding company group.

5. Notes to non-consolidated balance sheet	
(1) Accumulated depreciation of property, plant and equipment	18,923 million yen
(2) Guarantee obligations	
United Veggies Co., Ltd.; Accounts payable - trade	66 million yen
Joy Mart Co., Ltd.; Accounts payable - trade	222 million yen
Zenshoen Co., Ltd.; Borrowings	411 million yen
Provision for loss on guarantees	262 million yen
Net amount	149 million yen
Mizushita Farm Co., Ltd.; Borrowings	1,240 million yen
Provision for loss on guarantees	931 million yen
Net amount	309 million yen
(3) Monetary claims and monetary obligations to affiliates (excluding those presented separately)	
Short-term monetary claims	150,644 million yen
Short-term monetary obligations	40,699 million yen
Long-term monetary obligations	33,358 million yen
6. Notes to non-consolidated statement of income	
Transactions with affiliates	
Net sales	290,219 million yen
Purchase turnover	101,947 million yen
Other operating transactions	1,624 million yen
Transactions other than operating transactions	11,121 million yen
7. Notes to non-consolidated statement of changes in shareholders' equity	
Type and number of shares of treasury shares as of the end of the fiscal year under review	
Common stock	4,068,435 shares
(Note) The number of treasury shares of common stock at the end of the fiscal year under review includes 291,800 shares held by Japan Custody Bank, Ltd. (Trust Account E) for the "Board Benefit Trust (BBT)."	
8. Notes to tax effect accounting	
(1) Breakdown of causes for occurrence of deferred tax assets and deferred tax liabilities	
Deferred tax assets	
Allowance for doubtful accounts	3,359 million yen
Provision for loss on guarantees	365 million yen
Provision for bonuses	451 million yen
Impairment losses	72 million yen
Accrued income tax	109 million yen
Amount in excess of depreciation and amortization of non-current assets	43 million yen
Shares of subsidiaries and associates	542 million yen
Tax loss carryforwards	1,208 million yen
Long-term accounts payable - other	216 million yen
Other	278 million yen
Valuation reserve	(5,519 million yen)
Total deferred tax assets	1,127 million yen
Deferred tax liabilities	
Shares of subsidiaries and associates	(266 million yen)
Other	(63 million yen)
Total deferred tax liabilities	(330 million yen)
Net deferred tax assets	797 million yen

- (2) Accounting treatment of corporate and local income taxes or tax effect accounting treatment related to these taxes

The Company has adopted the group tax sharing system. In accordance with the “Practical Solution on the Accounting and Disclosure Under the Group Tax Sharing System” (PITF No. 42; August 12, 2021), the Company conducts accounting treatment or tax effect accounting treatment and disclosure related to corporate income tax and local corporate income tax.

9. Notes concerning non-current assets used under lease

Finance lease transactions without transfer of ownership

- (1) Content of lease assets

Property, plant and equipment

- (2) Method of depreciation and amortization for lease assets

The method is as stated in “(4) Depreciation method for non-current assets” in Notes to significant accounting policies.

10. Notes to related party transactions

(1) Subsidiaries and affiliates, etc.

(Million yen)

Category	Name of company, etc.	Percentage of voting rights held	Relationship with related party	Content of transactions	Transaction amount	Item	Balance at fiscal year-end
Subsidiary	Sukiya Co., Ltd.	100.00% (100.00%) (Note 6)	-	Sales of ingredients, etc. (Note 4)	86,746	Accounts receivable - trade	7,648
				Lease of stores (Note 3)	14,116	Guarantee deposits	13,789
Subsidiary	Zensho Restaurant Holdings Co., Ltd. (Note 8)	100.00%	-	Lending of funds (Note 1)	(600)	Short-term loans receivable	15,457
Subsidiary	Coco's Japan Co., Ltd. (Note 8)	100.00% (100.00%) (Note 6)	-	Lending of funds (Note 2)	(2,000)	Long-term loans receivable	6,000
Subsidiary	Zensho Fast Food Holdings Co., Ltd.	100.00% (22.46%) (Note 6)	-	Dividend income	3,516	-	-
Subsidiary	Zensho Tradings Co., Ltd.	100.00%	-	Lending of funds (Note 1)	(14,000)	Short-term loans receivable	10,000
				Purchase of food ingredients (Note 5)	72,806	Accounts payable - trade	1,152
Subsidiary	Hama-Sushi Co., Ltd.	100.00%	-	Sales of ingredients, etc. (Note 4)	78,442	Accounts receivable - trade	7,776
				Lending of funds (Note 1)	-	Short-term loans receivable	12,500
				Dividend income	2,791	-	-
				Lease of stores (Note 3)	10,203	Guarantee deposits	11,859
Subsidiary	Nakau Co., Ltd.	100.00% (100.00%) (Note 6)	-	Lending of funds (Note 1)	(500)	Short-term loans receivable	5,500
Subsidiary	TAG-1 Co., Ltd.	100.00% (100.00%) (Note 6)	-	Lending of funds (Note 1)	1,207	Short-term loans receivable	8,285
Subsidiary	GFF Co., Ltd.	100.00% (100.00%) (Note 6)	Interlocking officers	Lending of funds (Note 1)	2,870	Short-term loans receivable	8,500
				Purchase of food ingredients (Note 5)	68,169	Accounts payable - trade	6,586
Subsidiary	Joy Mart Co., Ltd.	100.00% (100.00%) (Note 6)	-	Lending of funds (Note 1)	502	Short-term loans receivable	7,850
Subsidiary	Nihon Retail Holdings Co., Ltd.	100.00%	Interlocking officers	Lending of funds (Note 2)	-	Long-term loans receivable	10,439
Subsidiary	Zensho USA Corporation	100.00%	Interlocking officers	Dividend income	1,678	-	-
Subsidiary	ZENSHO INTERNATIONAL FOOD SERVICE LIMITED	100.00%	Interlocking officers	Underwriting of investment (Note 7)	59,454	-	-
Subsidiary	ZENSHO INTERNATIONAL LIMITED	100.00%	Interlocking officers	Underwriting of investment (Note 7)	48,108	-	-

(Note 1) Short-term loans and borrowings are based on the cash management system provided by the Company to its Group companies. Since funds are transferred on a daily basis, the transaction amount represents the increase or decrease from the balance at the end of the previous period. Interest rates are determined reasonably, taking market interest rates into consideration.

(Note 2) Long-term loans are based on the cash management system provided by the Company to its Group companies. Interest rates are determined reasonably, taking market interest rates into consideration. Long-term loans receivable include the current portion of long-term loans receivable.

(Note 3) Store rent is determined based on the actual trading conditions in the neighborhood.

(Note 4) Selling prices are determined based on prevailing market prices.

(Note 5) Purchase prices are determined based on prevailing market prices.

- (Note 6) Figures in parentheses in the percentage of voting rights held indicate indirect ownership and are included in the total.
- (Note 7) The Company underwrote the investment in connection with the establishment of the company.
- (Note 8) On April 1, 2024, Zensho Fast Food Holdings Co., Ltd. and Zensho Restaurant Holdings Co., Ltd. changed their names to Zensho Global Fast Food Holdings Co., Ltd. and Zensho Global Restaurant Holdings Co., Ltd., respectively.

11. Notes to per share information

Net assets per share	766.67 yen
Basic earnings per share	43.93 yen

(Note) 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 of common stock deducted from the number of shares issued and outstanding at the end of the fiscal year, while in the calculation of basic earnings per share, those are included in the number of treasury shares of common stock 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 291,800 shares for the fiscal year under review, and the average number of such treasury shares during the period deducted in the calculation of basic earnings per share 292,020 shares for the fiscal year under review.

12. Notes to significant subsequent events

No applicable items.

Audit Report

Audit Report by the Accounting Auditor for the Consolidated Financial Statements

Independent Auditor's Report

May 14, 2024

To the Board of Directors
Zensho Holdings Co., Ltd.

Tokyo Office
PricewaterhouseCoopers Japan LLC
Designated Limited Liability Partner
Engagement Partner Shigeru Takahama, CPA
Designated Limited Liability Partner
Engagement Partner Kentaro Shimizu, CPA

Auditor's opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the Consolidated Balance Sheet, the Consolidated Statement of Income, the Consolidated Statement of Changes in Net Assets and the Notes to the Consolidated Financial Statements of Zensho Holdings Co., Ltd. (the "Company") for the fiscal year from April 1, 2023, through March 31, 2024.

In our opinion, the Consolidated Financial Statements referred to above present fairly, in all material respects, the financial position and results of operations of the Group, which consists of the Company and its consolidated subsidiaries, for the period covered by the consolidated financial statements in conformity with accounting principles generally accepted in Japan.

Basis for the opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are stated in "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements." We are independent of the Company and its consolidated subsidiaries in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other information

Other information consists of the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Committee's responsibility is to monitor the Directors' performance of their duties in preparing and operating the process for reporting other information.

Our audit opinion on the Consolidated Financial Statements does not include other information, and we express no opinion on it.

Our responsibility in the audit of the Consolidated Financial Statements is to read other information and, in the course of reading other information, to consider whether there are material differences between other information and the Consolidated Financial Statements or our knowledge obtained in the course of our audit, and to pay attention to whether there are indications of material error other than such material differences in other information.

If, based on the work performed, we determine that there is a material error in other information, we are required to report such fact.

We have no matters to report with respect to other information.

Responsibilities of Management, Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Consolidated Financial Statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the presentation and fair presentation of the Consolidated Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements, management is responsible for assessing whether it is appropriate to prepare the Consolidated Financial Statements in accordance with the premise of a going concern, and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the Consolidated Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Consolidated Financial Statements from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the consolidated financial statements.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the Consolidated Financial Statements is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the Consolidated Financial Statements on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the Notes to the Consolidated Financial Statements in the Audit Report, or if the Notes to the Consolidated Financial Statements pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the Consolidated Financial Statements. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and Notes to the Consolidated Financial Statements are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the Consolidated Financial Statements including related notes, and whether the Consolidated Financial Statements fairly present the transactions and accounting events on which they are based.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries in order to express an opinion on the Consolidated Financial Statements. The auditor is responsible for instructing, supervising, and implementing the audit of the Consolidated Financial Statements, and is solely responsible for the audit opinion.

The auditor reports to Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures in place to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report by the Accounting Auditor for the Non-consolidated Financial Statements

Independent Auditor's Report

May 14, 2024

To the Board of Directors
Zensho Holdings Co., Ltd.

Tokyo Office
PricewaterhouseCoopers Japan LLC
Designated Limited Liability Partner
Engagement Partner Shigeru Takahama, CPA
Designated Limited Liability Partner
Engagement Partner Kentaro Shimizu, CPA

Auditor's opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying Non-consolidated Financial Statements, which comprise the Non-consolidated Balance Sheet, the Non-consolidated Statement of Income, the Non-consolidated Statement of Changes in Net Assets, the Notes to the Non-consolidated Financial Statements and the accompanying supplementary schedules of Zensho Holdings Co., Ltd. (the "Company") for the 42nd fiscal year from April 1, 2023 through March 31, 2024.

In our opinion, the Non-consolidated Financial Statements and the accompanying supplementary schedules referred to above present fairly, in all material respects, the financial position of the Company as of March 31, 2024, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Basis for the opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under the auditing standards are stated in "Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements and the Accompanying Supplementary Schedules." We are independent of the Company in accordance with the provisions related to professional ethics in Japan, and are fulfilling other ethical responsibilities as an auditor. We believe that we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Other information

Other information consists of the Business Report and its supplementary schedules. Management is responsible for the preparation and disclosure of other information. The Audit & Supervisory Committee's responsibility is to monitor the Directors' performance of their duties in preparing and operating the process for reporting other information.

Our audit opinion on the Non-consolidated Financial Statements and the accompanying supplementary schedules does not include other information, and we express no opinion on it.

Our responsibility in the audit of the Non-consolidated Financial Statements and the accompanying supplementary schedules is to read other information and, in the course of reading other information, to consider whether there are material differences between other information and the Non-consolidated Financial Statements and the accompanying supplementary schedules or our knowledge obtained in the course of our audit, and to pay attention to whether there are indications of material error other than such material differences in other information.

If, based on the work performed, we determine that there is a material error in other information, we are required to report such fact.

We have no matters to report with respect to other information.

Responsibilities of Management, Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee for the Non-consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Non-consolidated Financial Statements and the accompanying supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the Non-consolidated Financial Statements and the accompanying supplementary schedules that are free from material misstatement, whether due to fraud or error.

In preparing the Non-consolidated Financial Statements and the accompanying supplementary schedules, management is responsible for assessing whether it is appropriate to prepare the Non-consolidated Financial Statements and the accompanying supplementary schedules in accordance with the premise of a going concern,

and for disclosing matters relating to going concern when it is required to do so in accordance with accounting principles generally accepted in Japan.

Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee are responsible for monitoring the execution of Directors' duties related to designing and operating the financial reporting process.

Auditor's Responsibilities for the Audit of the Non-consolidated Financial Statements

Our responsibilities are to obtain reasonable assurance about whether the Non-consolidated Financial Statements and the accompanying supplementary schedules as a whole are free from material misstatement, whether due to fraud or error, and to express an opinion on the Non-consolidated Financial Statements and the accompanying supplementary schedules from an independent standpoint in an audit report, based on our audit. Misstatements can occur as a result of fraud or error, and are deemed material if they can be reasonably expected to, either individually or collectively, influence the decisions of users taken on the basis of the Non-consolidated Financial Statements and the accompanying supplementary schedules.

We make professional judgment in the audit process in accordance with auditing standards generally accepted in Japan, and perform the following while maintaining professional skepticism.

- Identify and assess the risks of material misstatement, whether due to fraud or error. Design and implement audit procedures to address the risks of material misstatement. The audit procedures shall be selected and applied as determined by the auditor. In addition, sufficient and appropriate audit evidence shall be obtained to provide a basis for the audit opinion.
- In making those risk assessments, the auditor considers internal control relevant to the entity's audit in order to design audit procedures that are appropriate in the circumstances, although the purpose of the audit of the Non-consolidated Financial Statements and the accompanying supplementary schedules is not to express an opinion on the effectiveness of the entity's internal control.
- Assess the appropriateness of accounting policies adopted by management and the method of their application, as well as the reasonableness of accounting estimates made by management and the adequacy of related notes.
- Determine whether it is appropriate for management to prepare the Non-consolidated Financial Statements and the accompanying supplementary schedules on the premise of a going concern and, based on the audit evidence obtained, determine whether there is a significant uncertainty in regard to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If there is a significant uncertainty concerning the premise of a going concern, the auditor is required to call attention to the Notes to the Non-consolidated Financial Statements and the accompanying supplementary schedules in the audit report, or if the Notes to the Non-consolidated Financial Statements and the accompanying supplementary schedules pertaining to the significant uncertainty are inappropriate, issue a modified opinion on the Non-consolidated Financial Statements and the accompanying supplementary schedules. While the conclusions of the auditor are based on the audit evidence obtained up to the date of the audit report, depending on future events or conditions, an entity may be unable to continue as a going concern.
- Besides assessing whether the presentation of and Notes to the Non-consolidated Financial Statements and the accompanying supplementary schedules are in accordance with accounting principles generally accepted in Japan, assess the presentation, structure, and content of the Non-consolidated Financial Statements and the accompanying supplementary schedules including related notes, and whether the Non-consolidated Financial Statements and the accompanying supplementary schedules fairly present the transactions and accounting events on which they are based.

The auditor reports to Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee regarding the scope and timing of implementation of the planned audit, material audit findings including material weaknesses in internal control identified in the course of the audit, and other matters required under the auditing standards.

The auditor reports to Members of the Audit & Supervisory Committee and the Audit & Supervisory Committee regarding the observance of provisions related to professional ethics in Japan as well as matters that are reasonably considered to have an impact on the auditor's independence and any measures in place to eliminate obstacles or safeguards applied to reduce obstacles to an acceptable level.

Interest

Our firm and engagement partners have no interests in the Company or its consolidated subsidiaries requiring disclosure under the provisions of the Certified Public Accountants Act of Japan.

Audit Report by the Audit & Supervisory Committee

Audit Report

The Audit & Supervisory Committee has audited the execution of duties by Directors for the 42nd fiscal year from April 1, 2023, to March 31, 2024. The methods and results are reported as follows.

1. Audit methods and content

The Audit & Supervisory Committee received periodic reports from Directors and employees, etc., regarding resolutions of the Board of Directors regarding the matters in Article 399-13, Paragraph 1, Item 1, b) and c) and the status of establishment and operation of structures (internal control systems) that are maintained based on said resolutions, sought explanations and expressed opinions as required, and implemented audits with the methods below.

- 1) Pursuant to audit policies and division of duties defined by the Audit & Supervisory Committee, Members of the Audit & Supervisory Committee, in cooperation with the Company's Internal Control Division, attended important meetings, received reports on matters regarding execution of duties by Directors and employees, etc., requested explanations as required, viewed documents, etc., regarding important decisions, and examined the status of operations and assets at the headquarters and principal offices. In addition, meetings were held with Outside Directors to exchange opinions and communicate with them on the status of the execution of duties by Directors.
Regarding subsidiaries, efforts were made to communicate and exchange information with Directors and Corporate Auditors of subsidiaries, and business reports were received from subsidiaries as required.
- 2) In addition, in order to conduct appropriate audits as needed in response to the expansion of business operations, the Audit & Supervisory Committee endeavored to improve the audit environment by collecting information and exchanging opinions through the Group's Internet environment and other means, thereby enhancing the efficiency and speed of the audits.
- 3) Furthermore, while supervising and evaluating whether or not the Accounting Auditor is maintaining an independent standpoint and implementing appropriate audits, reports were received from the Accounting Auditor on the status of execution of duties, and explanations were requested as required. Additionally, notification was received from the Accounting Auditor that "Systems to Secure the Appropriateness of Operations" (Matters in each item of Article 131 of the Regulations on Corporate Accounting) were being maintained in accordance with "Quality Management Standards Regarding Audits" (Business Accounting Council), and explanations were requested as required.

Based on the methods above, the Business Report, accompanying supplementary schedules, Non-consolidated Financial Statements (Non-consolidated Balance Sheet, Non-consolidated Income Statement, Non-consolidated Statement of Changes in Net Assets, and Notes to the Non-consolidated Financial Statements) and accompanying supplementary schedules, Consolidated Financial Statements (Consolidated Balance Sheet, Consolidated Income Statement, Consolidated Statement of Changes in Net Assets, and Notes to the Consolidated Financial Statements), and the Accounting Auditor's Audit Report were evaluated.

2. Results of audit

(1) Audit results for the Business Report, etc.

- 1) The Business Report and accompanying supplementary schedules are in compliance with laws and regulations and accurately reflect the status of the Company.
- 2) There are no inappropriate actions regarding the execution of duties by Directors and significant facts that are in violation of laws and regulations or the Articles of Incorporation.
- 3) The content of resolutions by the Board of Directors regarding internal control systems are appropriate. Additionally, there are no matters of note concerning the content of information provided in the Business Report regarding said internal control systems nor the execution of duties by Directors.

(2) Audit results for the Non-consolidated Financial Statements and accompanying supplementary schedules

The methods and results of audits performed by PricewaterhouseCoopers Japan LLC, the Accounting Auditor, are appropriate.

(3) Audit results for the Consolidated Financial Statements and accompanying supplementary schedules

The methods and results of audits performed by PricewaterhouseCoopers Japan LLC, the Accounting Auditor, are appropriate.

May 14, 2024

Audit & Supervisory Committee, Zensho Holdings Co., Ltd.

Full-time Member of the Audit & Supervisory Committee Hideo Watanabe

Member of the Audit & Supervisory Committee Yukio Miyajima

Member of the Audit & Supervisory Committee Kenichi Kaneko

Member of the Audit & Supervisory Committee Hisashi Maruyama

(Note) Full-time Member of the Audit & Supervisory Committee Hideo Watanabe, Member of the Audit & Supervisory Committee Yukio Miyajima, Member of the Audit & Supervisory Committee Kenichi Kaneko, and Member of the Audit & Supervisory Committee Hisashi Maruyama are Outside Directors as stipulated by Article 2, Item 15 and Article 331, Paragraph 6 of the Companies Act.