

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

November 12, 2024

Company Name: **Zensho Holdings Co., Ltd.** Stock Listings Tokyo Stock Exchange
 Code Number: 7550 URL <https://www.zensho.co.jp/>
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 Scheduled date for submission of semi-annual securities report: November 12, 2024
 Scheduled date for payment of dividends: December 3, 2024
 Supplementary documents for financial results : Yes
 Financial results briefing : Yes

(Figures rounded down to the nearest million yen)

1. Consolidated Financial Results for the Six Months Ended September 30, 2024 (April 1, 2024 to September 30, 2024)

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

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

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

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

(2) Consolidated Financial Position

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

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

2. Dividends

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

Note: Revisions to dividend forecasts published recently: None

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

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

| | Net Sales | | Operating Profit | | Ordinary Profit | | Profit attributable to owners of parent | | Profit attributable to owners of parent per share |
|-----------|-------------|------|------------------|------|-----------------|------|-----------------------------------------|------|---------------------------------------------------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 1,080,000 | 11.8 | 62,500 | 16.4 | 61,500 | 20.8 | 37,000 | 20.5 | 231.37 |

Note: Revisions to consolidated financial forecasts published recently: None

Notes

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

(4) Shares issued and outstanding (common stock)

| | | | | |
|---------------------------------------------------------------------------------------------------------------|-------------------------------------|--------------------|-------------------------------------|--------------------|
| (i) Number of shares outstanding at the end of the period (including treasury stock) | As of September 30, 2024 | 160,733,225 shares | As of March 31, 2024 | 160,733,225 shares |
| (ii) Number of treasury stocks at the end of the period | As of September 30, 2024 | 4,068,684 shares | As of March 31, 2024 | 4,068,435 shares |
| (iii) Average number of shares outstanding during the term (cumulative from the beginning of the fiscal year) | Six months ended September 30, 2024 | 156,664,672 shares | Six months ended September 30, 2023 | 151,553,137 shares |

Note: In the calculation of the number of treasury stocks at the end of the period and the average number of shares outstanding during the term, the number of shares of the Company's common stock held by Custody Bank of Japan, Ltd. (Trust Account) as assets in the Board Benefit Trust (BBT) are treated as treasury shares to be deducted.

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

* Explanation and other special notes concerning the appropriate use of forecasted business performance

(Notes on forecast business performance and others)

The forecast figures indicated above are projections based on the information available at the time of the announcement and certain assumptions include some degree of uncertainty. Actual business performance and other results may differ from the forecast depending on the changes in business conditions and others. Please refer to p.4 of the Appendix for information on the above forecast.

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1. Overview of Management Results and Related Matters

(1) Overview of Consolidated Management Results for the Six Months Ended September 30, 2024

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

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

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

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

As of the end of the six months ended September 30, 2024, the number of stores was 15,380 (including 8,287 franchised stores), the result of 543 store openings and 272 closures.

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

(Global Sukiya)

Net sales of Global Sukiya during the six months ended September 30, 2024, were 145,945 million yen (up 10.8% year-on-year) with operating profit of 13,422 million yen (up 32.5% year-on-year).

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

At domestic Sukiya, the Company provided “Gyudon with Cod Caviar Mayo & Cheese,” “Gyudon with Mekabu Seaweed & Okra,” and “Sukiyaki Style Gyudon with Raw Egg,” among others.

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

(Global Hamasushi)

Net sales of Global Hamasushi during the six months ended September 30, 2024, were 117,119 million yen (up 24.8% year-on-year) with operating profit of 9,719 million yen (up 97.9% year-on-year).

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

Additionally, the number of stores in this reporting segment as of the end of the six months ended September 30, 2024, was 702 (620 domestic, 82 overseas), the result of 35 store openings.

(Global Fast Food)

Net sales of Global Fast Food during the six months ended September 30, 2024, were 158,202 million yen (up 59.1% year-on-year) with operating profit of 14,547 million yen (up 185.6% year-on-year).

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

Additionally, the number of stores in this reporting segment as of the end of the six months ended September 30, 2024, was 10,737 (974 domestic, 9,763 overseas; including 8,210 franchises), the result of 467 store openings and 202 closures.

(Restaurants)

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

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

Additionally, the number of stores in this reporting segment as of the end of the six months ended September 30, 2024, was 1,188 (1,187 domestic, 1 overseas; including 77 franchises), the result of 4 store openings and 5 closures.

(Retail)

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

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

Additionally, the number of stores in this reporting segment as of the end of the six months ended September 30, 2024, was 130, the result of 1 store opening and 3 closures.

(Corporate and Support)

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

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

(Others)

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

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

(2) Overview of Financial Position for the Six Months Ended September 30, 2024

1) Assets, liabilities, and net assets

(Assets)

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

(Liabilities)

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

(Net Assets)

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

2) Cash flows

(Cash flow from operating activities)

Cash flow from operating activities resulted in an increase in net cash of 40,977 million yen (an increase in net cash of 44,296 million yen in the six months ended September 30, 2023). This was mainly due to increases in profit before income taxes and depreciation.

(Cash flow from investing activities)

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

(Cash flow from financing activities)

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

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

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

There are no changes to the consolidated business performance forecasts for the fiscal year ending March 31, 2025, announced on May 14, 2024.

2. Semi-annual Consolidated Financial Statements and Major Notes

(1) Semi-annual Consolidated Balance sheets

(Million yen)

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

(Million yen)

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

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

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

(Semi-annual Consolidated Statements of Comprehensive Income)

(Million yen)

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

(3) Semi-annual Consolidated Statements of Cash Flows

(Million yen)

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

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

(4) Notes on Semi-annual Consolidated Financial Statements

(Notes on Going Concern Assumptions)

Not applicable.

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

Not applicable.

(Segment Information)

[Segment Information]

I Six months ended September 30, 2023 (April 1, 2023 to September 30, 2023)

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

(Million yen)

| | Reporting segment | | | | | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount recorded on Semi-annual Consolidated Statements of Income (Note 3) |
|---------------------------------------------|-------------------|---------------------|---------------------|-------------|--------|--------------------------|---------|-------------------|---------|------------------------|---------------------------------------------------------------------------------------------|
| | Global Sukiya | Global Hamasushi | Global Fast Food | Restaurants | Retail | Corporate and Support | Total | | | | |
| Net sales | | | | | | | | | | | |
| Net sales to external customers | 131,731 | 93,832 | 99,458 | 68,917 | 39,191 | 2,125 | 435,256 | 17,354 | 452,610 | — | 452,610 |
| Intersegment sales or transfers (Note 4) | 140 | 0 | 9 | 77 | 239 | 172,538 | 173,006 | 5,599 | 178,606 | (178,606) | — |
| Total | 131,872 | 93,832 | 99,468 | 68,994 | 39,430 | 174,663 | 608,262 | 22,953 | 631,216 | (178,606) | 452,610 |
| Segment profit (loss) | 10,133 | 4,910 | 5,093 | 3,266 | (798) | 2,967 | 25,572 | (76) | 25,495 | (17) | 25,477 |

(Notes) 1. The “Other” category is a business segment not included in the reporting segments, and includes the Manufacturing and wholesaling business for external sales, Nursing care business, and Livestock and fisheries business.

2. The adjustment of (17) million yen to segment profit (loss) primarily consists of elimination of intersegment transactions and inventory adjustments.

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

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

5. The segment information above shows amounts reflecting the finalization of provisional accounting treatment described in “Business combinations.”

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

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in goodwill)

Owing to the acquisition of shares in Lotteria Co., Ltd. and Sushi Circle Gastronomie GmbH in Global Fast Food and making these companies subsidiaries, goodwill increased by 3,007 million yen and 565 million yen, respectively.

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

(Significant profit on negative goodwill)

Not applicable.

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

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

(Million yen)

| | Reporting segment | | | | | | | Other (Note 1) | Total | Adjustment (Note 2) | Amount recorded on Semi-annual Consolidated Statements of Income (Note 3) |
|---------------------------------------------|-------------------|---------------------|---------------------|-------------|--------|--------------------------|---------|-------------------|---------|------------------------|---------------------------------------------------------------------------------------------|
| | Global Sukiya | Global Hamasushi | Global Fast Food | Restaurants | Retail | Corporate and Support | Total | | | | |
| Net sales | | | | | | | | | | | |
| Net sales to external customers | 145,945 | 117,119 | 158,202 | 76,487 | 38,492 | 2,411 | 538,658 | 19,107 | 557,765 | — | 557,765 |
| Intersegment sales or transfers (Note 4) | 148 | 0 | 6 | 68 | 397 | 196,810 | 197,431 | 6,860 | 204,291 | (204,291) | — |
| Total | 146,093 | 117,119 | 158,209 | 76,555 | 38,889 | 199,221 | 736,089 | 25,967 | 762,056 | (204,291) | 557,765 |
| Segment profit (loss) | 13,422 | 9,719 | 14,547 | 5,494 | (787) | 95 | 42,491 | (1,384) | 41,106 | 22 | 41,129 |

(Notes) 1. The “Other” category is a business segment not included in the reporting segments, and includes the Manufacturing and wholesaling business for external sales, Nursing care business, and Livestock and fisheries business.

2. The adjustment of 22 million yen to segment profit (loss) primarily consists of elimination of intersegment transactions and inventory adjustments.

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

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

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

(Significant impairment loss on non-current assets)

Not applicable.

(Significant change in goodwill)

Not applicable.

(Significant profit on negative goodwill)

Not applicable.

(Business Combinations)

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

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

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