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May 15, 2024

## Summary of Consolidated Financial Results for the Fiscal Year Ended March 31, 2024

[Japanese GAAP]

Company name: SRS HOLDINGS CO., LTD. Listing: Tokyo Stock Exchange  
 Securities code: 8163 URL: <https://srs-holdings.co.jp/>  
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Scheduled date of ordinary general meeting of shareholders: June 27, 2024

Scheduled date of payment of dividend: June 28, 2024

Scheduled date of filing of Securities Report: June 28, 2024

Preparation of supplementary references regarding financial results: No

Holding of financial results briefing: Yes

(All amounts are rounded down to the nearest million yen)

## 1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)

## (1) Consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2024	60,228	10.5	2,157	-	2,162	-	1,798	-
Fiscal year ended Mar. 31, 2023	54,505	27.1	(606)	-	(669)	-	(1,451)	-

Note: Comprehensive income (million yen)

Fiscal year ended Mar. 31, 2024: 2,102 (-%)

Fiscal year ended Mar. 31, 2023: (1,378) (-%)

	Net income per share	Diluted net income per share	Return on equity	Ratio of ordinary profit to total assets	Ratio of operating profit to sales
	Yen	Yen	%	%	%
Fiscal year ended Mar. 31, 2024	43.49	-	12.2	6.2	3.6
Fiscal year ended Mar. 31, 2023	(35.40)	-	(10.4)	(1.9)	(1.1)

Reference: Equity in earnings of affiliates (million yen)

Fiscal year ended Mar. 31, 2024: -

Fiscal year ended Mar. 31, 2023: -

## (2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	35,733	16,159	44.0	380.55
As of Mar. 31, 2023	34,376	14,055	39.9	331.70

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2024: 15,735

As of Mar. 31, 2023: 13,716

## (3) Consolidated cash flow

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Mar. 31, 2024	3,727	(2,292)	(1,216)	12,371
Fiscal year ended Mar. 31, 2023	2,075	(2,801)	(30)	12,150

## 2. Dividends

	Dividends per share					Total dividends	Dividend payout ratio (Consolidated)	Dividends to net assets ratio (Consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
Fiscal year ended Mar. 31, 2023	Yen -	Yen 0.00	Yen -	Yen 0.00	Yen 0.00	Million yen 0	% -	% -
Fiscal year ended Mar. 31, 2024	Yen -	Yen 0.00	Yen -	Yen 7.50	Yen 7.50	311	17.2	2.1
Fiscal year ending Mar. 31, 2025 (forecast)	Yen -	Yen 0.00	Yen -	Yen 7.50	Yen 7.50		20.7	

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

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Full year	64,000	6.3	2,400	11.3	2,300	6.4	1,500	(16.6)

**Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in the scope of consolidation): None

(2) Changes in accounting policies and accounting-based estimates, and restatements

- 1) Changes in accounting policies due to revisions in accounting standards, others: None  
 2) Changes in accounting policies other than 1) above: None  
 3) Changes in accounting-based estimates: None  
 4) Restatements: None

(3) Number of outstanding shares (common shares)

1) Number of shares outstanding at the end of period (including treasury shares)

As of Mar. 31, 2024: 41,470,184 shares

As of Mar. 31, 2023: 41,470,184 shares

2) Number of treasury shares at the end of period

As of Mar. 31, 2024: 119,043 shares

As of Mar. 31, 2023: 119,343 shares

3) Average number of shares outstanding during the period

Fiscal year ended Mar. 31, 2024: 41,351,116 shares

Fiscal year ended Mar. 31, 2023: 40,995,210 shares

**(Reference) Summary of Non-consolidated Financial Results****1. Non-consolidated Financial Results for the Fiscal Year Ended March 31, 2024 (April 1, 2023 – March 31, 2024)**

(1) Non-consolidated operating results

(Percentages represent year-on-year changes)

	Net sales		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Mar. 31, 2024	22,753	22.0	675	389.6	898	-	812	-
Fiscal year ended Mar. 31, 2023	18,645	14.5	137	(83.2)	(196)	-	(743)	-

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Mar. 31, 2024	19.66	-
Fiscal year ended Mar. 31, 2023	(18.15)	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Mar. 31, 2024	32,422	15,831	48.8	382.86
As of Mar. 31, 2023	31,832	14,790	46.5	357.69

Reference: Shareholders' equity (million yen)

As of Mar. 31, 2024: 15,831

As of Mar. 31, 2023: 14,790

**\* This financial report is not subject to audit by certified public accountants or auditing firms.**

**\* Explanation regarding appropriate use of the earnings forecasts and other special notes**

Forecasts regarding future performance in this document are based on certain assumptions judged to be valid and information currently available to us. Actual performance may differ significantly from these forecasts for a number of factors.

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**1. Overview of Results of Operations****(1) Results of Operations**

## 1) Consolidated performance

(Millions of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)			FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)		
	Results	YoY change (Amount)	YoY change (%)	Results	YoY change (Amount)	YoY change (%)
Net sales	54,505	11,619	27.1	60,228	5,723	10.5
Operating profit	(606)	4,028	-	2,157	2,764	-
Ordinary profit	(669)	(3,338)	-	2,162	2,831	-
Profit attributable to owners of parent	(1,451)	(3,025)	-	1,798	3,249	-

During the fiscal year ended March 31, 2024, the Japanese government downgraded the classification of COVID-19 to category 5 under the Infectious Diseases Control Act in May 2023. In addition, foreign visitors are returning, the national and local governments have extended support for travel within Japan and have distributed premium gift certificates, and trend of wage hikes continued. As a result, social and economic activity began to return to normal, consumers became more active, and people are returning to SRS Group restaurants and sales were far higher than the previous fiscal year when the seventh and eighth waves of the pandemic hit Japan. Despite these positive trends, the business climate remains challenging because of the prolonged Ukraine conflict, heightened geopolitical risks associated with tensions in the Middle East, the yen's depreciation, the high cost of raw materials and energy, and rising wages due to the domestic inflation and labor shortage. In the current fiscal year, the SRS Group returned to profitability with a big improvement in earnings. There was an operating profit, ordinary profit and profit attributable to owners of parent due in part to activities in the previous fiscal year to improve profitability and to government assistance for lowering utility expenses.

Achieving a rapid recovery from the impact of the pandemic and making current businesses more profitable are the major goals of the current medium-term business plan. One step for accomplishing these goals is conversions of *Tendon Tempura Honpo Santen* and *Tokutoku* restaurants to a more profitable new business model. Another steps include continuing to open restaurants in the current high profitable formats, the addition of more functions to the SRS Group app, and progress with the digital transformation, such as the installation of check-in machines and the use of table service robots at more restaurants. In addition, to promote targeting demand for prepared meals that are consumed at home, one of the key themes of the medium-term business plan, we opened the first Kansai branch of *Ippuku*, a take-out gyoza specialty restaurant popular in Asagaya, Tokyo, in Amagasaki City, Hyogo Prefecture. Specific initiatives and overviews for each major business category are as follows.

*Washoku Sato* restaurants

To further increase productivity, the use of table service robots was expanded to 196 locations and machines that allow customers to use the app to check in are now in use at all restaurants to improve customer convenience. Meanwhile, effective marketing measures were taken by combining sales of high value-added products such as all-you-can-eat natural fugu (puffer fish) and all-you-can-eat oysters in the lineup of all-you-can-eat menu items, such as Sato Style Yakiniku and Sato-Shabu, and various media such as TV commercials and SNS ads featuring celebrity Nagisa Shibuya, and leaflets delivered with newspapers. During the fiscal year under review, one restaurant was opened and one was closed, resulting in 197 locations. As a result, net sales rose 11.0% year on year, to 26,667 million yen.

*“Nigiri Chojiro”* restaurants

Self-checkout machines were introduced in 10 restaurants to further improve productivity, and experimental check-in machines that allow customers to check-in for visits via app were also introduced to increase customer convenience. To bring customers to restaurants more often, the *Nigiri Chojiro* app was used to provide a variety of information along with discount coupons. In addition, there were new energetic TV commercials featuring scenes of meal preparation skills and sushi with the goal of more sales growth. In addition, as part of the Shunkan no Kirameki No. 3 Fair, we sold tiger prawns, which have a plump texture and outstanding sweetness, and grilled

rice porridge with crab filled with the delicious taste of crab miso and soup stock. During the fiscal year under review, three restaurants were opened and two were closed, resulting in 68 locations. As a consequence, net sales were 13,381 million yen, up 9.4% year on year.

#### *Tendon Tempura Honpo Santen* restaurants

For more improvements in productivity, this format has created a self-service restaurant format and started operating the first location of this type in June 2023 by rebuilding the existing Narumi restaurant in Nagoya. In January 2024, Izumiotsu restaurant was opened as the second store. In March 2024, the Amagasaki Tachibana restaurant was renovated to become the third store. In addition, we revamped our grand menu, including revising the minimum price, in order to improve profitability, which had deteriorated due to the recent sharp rise in raw material prices. In parallel with promotions via LINE and Instagram, we also distributed coupons and special campaign information exclusively for app members, and introduced mobile ordering, which allows customers to place take-out orders via the app, to all our restaurants for greater customer convenience. During the fiscal year under review, one restaurant was opened and three were closed, resulting in 34 locations. As a result, net sales decreased 14.6% year on year to 2,419 million yen.

#### *Kazokutei* restaurants

The number of restaurants introducing smartphone ordering for further productivity improvement was expanded to 29, and take-out reservations were started on the *Kazokutei* app to improve customer convenience and promote the use of take-out. In addition, campaign information and special coupons were distributed to app members to increase the frequency of store visits, and an X (formerly Twitter) Follow & Repost campaign was conducted monthly to attract new customer segments. In February, we also held the Kyushu Umakamon: Kyushu's Food Tour, a fair for production areas using ingredients from the Kyushu region, and sold a rice bowl dish with horse mackerel from Kyushu and Kyushu Umakamon Tenzaru Soba made with swordfish from Kyushu and Shiraishi lotus root from Saga Prefecture. During the fiscal year under review, one restaurant was opened and five were closed, resulting in 59 locations. As a result, net sales stood at 4,751 million yen, up 9.2% from a year ago.

Segment information is not provided because the SRS Group has only the food service business segment.

#### SRS Group: Opening and closure of restaurants

(Number of restaurants)

Name	FY3/23 (As of Mar. 31, 2023)	Newly opened restaurants	Closed restaurants	FY3/24 (As of Mar. 31, 2024)	Restaurants planned to open during FY3/24
<i>Washoku Sato</i>	197 (-)	1 (-)	1 (-)	197 (-)	2
<i>Nigiri Chojiro/CHOJIRO</i>	67 (-)	3 (-)	2 (-)	68 (-)	5
<i>Kazokutei*</i>	63 (8)	1 (-)	5 (1)	59 (7)	1
<i>Tokutoku*</i>	60 (49)	1 (-)	3 (2)	58 (47)	1
<i>Katsuya</i>	45 (15)	3 (-)	- (-)	48 (15)	7
<i>Tendon Tempura Honpo Santen</i>	36 (1)	1 (-)	3 (-)	34 (1)	2
<i>Miyamoto Munashi</i>	26 (2)	- (-)	2 (1)	24 (1)	-
Sushi delivery business	11 (3)	2 (-)	- (-)	13 (3)	3
<i>Himawari</i>	8 (-)	- (-)	- (-)	8 (-)	-
<i>Karayama</i>	6 (-)	5 (-)	- (-)	11 (-)	2
M&S FC Business*	24 (-)	3 (-)	- (-)	27 (-)	4
Others	13 (-)	2 (-)	1 (-)	14 (-)	5
<i>Torisho</i>	223 (223)	20 (20)	63 (63)	180 (180)	52
Domestic total	779 (301)	42 (20)	80 (67)	741 (254)	84
Overseas stores	27 (23)	2 (2)	5 (5)	24 (20)	10
Worldwide total	806 (324)	44 (22)	85 (72)	765 (274)	94

Note: Numbers in parentheses include franchised, leased-band and joint venture restaurants.

\* *Kazokutei* includes *Kashunan*, *Sanpoan*, *Kazokuan*, *Kyoshun*, and *Kyosai* restaurants.

\* *Tokutoku* restaurant openings and closures include the conversion of one franchise store to a directly managed store.

\* M&S FC Business is the total number of stores operated by M&S FOODSERVICE CO., LTD. in the *Popolamama*, *Mister Donut*, *Doutor Coffee*, *Oogamaya* and *Shinpachi Shokudo* restaurants.

## (2) Financial Position

A provisional accounting treatment was used in the previous fiscal year for the acquisition of NIS Inc. on February 1, 2023. The accounting treatment was finalized in the second quarter of the current fiscal year. Due to the finalization of the provisional accounting treatment, comparative information in the consolidated financial statements incorporates a significant revision of the initial acquisition cost allocation. Comparisons with the end of the previous fiscal year and analysis use figures that have been revised to reflect the changes in the initial acquisition cost allocation due to the finalization of the provisional accounting treatment.

Total assets at the end of the current fiscal year increased 1,357 million yen from the end of the previous fiscal year to 35,733 million yen. Current assets totaled 17,028 million yen, a rise of 514 million yen from the end of the previous fiscal year. This was mainly due to a 570 million yen increase in accounts receivable, a 297 million yen decrease in other under current assets, and a 221 million yen increase in cash and deposits.

Non-current assets totaled 18,595 million yen, a rise of 867 million yen from the end of the previous fiscal year. This was mainly due to a 561 million yen increase in buildings and structures, net and a 334 million yen increase in investment securities.

Current liabilities stood at 9,919 million yen, an increase of 730 million yen from the end of the previous fiscal year. This was mainly due to a 455 million yen increase in accounts payable-other and a 423 million yen increase in income taxes payable.

Non-current liabilities amounted to 9,654 million yen, down 1,476 million yen from the end of the previous fiscal year. This was primarily attributable to decreases of 972 million yen in bonds payable, 212 million yen in other under current liabilities, and 200 million yen in long-term borrowings.

Net assets increased 2,103 million yen from the end of the previous fiscal year to 16,159 million yen.

## (3) Cash Flows

At the end of the fiscal year under review, cash and cash equivalents (“net cash”) increased 221 million yen from the end of the previous fiscal year to 12,371 million yen.

Cash flows and the factors contributing to them during the fiscal year under review were as follows.

### (Cash flows from operating activities)

Net cash provided by operating activities was 3,727 million yen, compared with 2,075 million yen provided in the previous fiscal year). This was primarily due to profit before income taxes of 1,971 million yen and depreciation of 1,650 million yen.

### (Cash flows from investing activities)

Net cash used in investing activities amounted to 2,292 million yen, compared with 2,801 million yen used in the previous fiscal year). This mainly includes purchase of property, plant and equipment of 2,116 million yen, proceeds from refund of guarantee deposits of 210 million yen, and payments for asset retirement obligations of 122 million yen.

### (Cash flows from financing activities)

Net cash used in financing activities was 1,216 million yen, compared with 30 million yen used in the previous fiscal year). This was mainly attributable to the repayments of long-term borrowings of 1,087 million yen, proceeds from long-term borrowings of 1,000 million yen, and redemption of bonds of 935 million yen.

## (Reference) Trends in cash flow indicators

	FY3/20	FY3/21	FY3/22	FY3/23	FY3/24
Equity ratio (%)	38.2	31.5	39.7	39.9	44.0
Equity ratio based on market value (%)	94.4	99.9	90.4	114.0	133.8
Interest-bearing debt to cash flow ratio (years)	9.7	-	2.7	5.5	2.8
Interest coverage ratio (times)	12.4	-	36.6	17.4	34.4

Equity ratio: Shareholders' equity / Total assets

Equity ratio based on market value: Market capitalization / Total assets

Interest-bearing debt to cash flow ratio: Interest-bearing debt / Operating cash flows

Interest coverage ratio: Operating cash flows / Interest payments

Notes: 1. Market capitalization is calculated by the number of shares outstanding at the end of the period, excluding treasury shares.

2. Operating cash flows are the figures for operating cash flows in the consolidated statement of cash flows.

3. Interest-bearing debt includes all debts on the consolidated balance sheet that incur interest.

4. Interest-bearing debt to cash flow ratio and the interest coverage ratio for FY3/21 are not stated because operating cash flow was negative.

**(4) Outlook**

Looking to the next fiscal year, although demand is expected to remain solid as the domestic economy normalizes, the business environment will likely continue to be challenging given various factors putting upward pressure on costs, as described in (1) Results of Operations, together with rising logistics costs associated with the 2024 problem. In this environment, we expect a further improvement in business performance in the fiscal year ending March 31, 2025 and beyond by continuing the measures implemented in the fiscal year ended March 31, 2024 toward the achievement of our new medium-term business plan, which commenced in the fiscal year ended March 31, 2022. For the next fiscal year, we plan net sales of 64,000 million yen, operating profit of 2,400 million yen, ordinary profit of 2,300 million yen, and profit attributable to owners of parent of 1,500 million yen, taking into account information available at the time and recent conditions.

## Medium-term Business Plan

	FY3/22	FY3/23	FY3/24	FY3/25	FY3/26
Net sales (Millions of yen)	51,000	58,000	62,000	68,000	74,000
Ordinary profit (Millions of yen)	(1,200)	1,100	1,600	2,200	3,000
Number of restaurants	630	650	690	740	800

## Results and Forecast

	FY3/22 (Actual)	FY3/23 (Actual)	FY3/24 (Actual)	FY3/25 (Forecast for results of operations)
Net sales (Millions of yen)	42,885	54,505	60,228	64,000
Ordinary profit (Millions of yen)	2,669	(669)	2,162	2,300
Number of restaurants	611	806	765	791

**(5) Basic Policy for Profit Distribution and Dividends for the Current and Next Fiscal Years**

Our basic policy on profit distribution is to maintain a stable dividend as much as possible rather than maintain a certain dividend payout ratio depending on business results. We use retained earnings for new restaurants, redecoration of existing restaurants and other activities aimed at strengthening our business operations. In accordance with these policies, we have taken steps for the purposes of improving our business processes and increasing financial soundness in order to become more profitable.

As a result of a comprehensive consideration of future business development, internal reserves, and other factors, we plan to pay a year-end dividend of 7.50 yen per share for the fiscal year under review. The dividend forecast for the fiscal year ending March 31, 2025 is 7.50 yen per share.

**2. Corporate Group**

Our group is composed of the Company and its seven affiliates whose main business is operating restaurants.

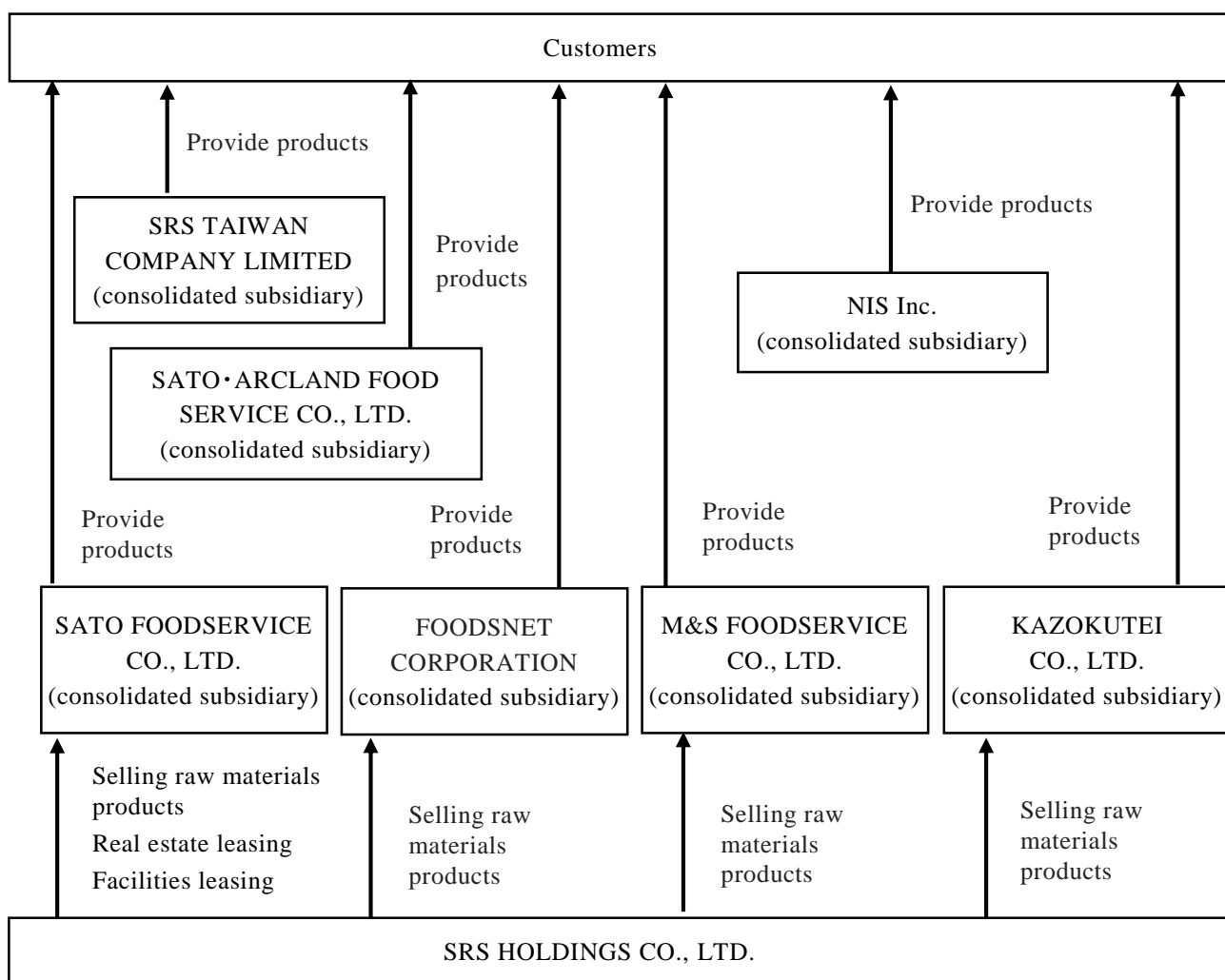
We do not provide segment information because we have only a single business segment of food service business.

Our group’s business content and relationship with the Company are described below with a systematic chart of the business.

(1) Our group’s business content and relationship with the Company

Restaurant management: SATO FOODSERVICE CO., LTD., FOODSNET CORPORATION, KAZOKUTEI CO., LTD., M&S FOODSERVICE CO., LTD., NIS Inc., SATO • ARCLAND FOOD SERVICE CO., LTD., and SRS TAIWAN COMPANY LIMITED operate restaurants that serve mainly Japanese food.

(2) Systematic diagram of the business



**3. Basic Approach to the Selection of Accounting Standards**

The Group expects to employ Japanese accounting standards for the time being. However, we intend to consider the future adoption of International Financial Reporting Standards (IFRS) depending on the ratio of foreign shareholders and adoption trends among other companies in Japan.



**4. Consolidated Financial Statements and Notes****(1) Consolidated Balance Sheet**

	(Thousands of yen)	
	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	12,150,379	12,371,553
Accounts receivable - trade	2,150,927	2,721,397
Merchandise	58,486	58,151
Raw materials and supplies	1,105,146	1,124,433
Current portion of long-term loans receivable	64,654	65,787
Other	988,317	690,795
Allowance for doubtful accounts	(3,793)	(3,711)
<b>Total current assets</b>	<b>16,514,119</b>	<b>17,028,407</b>
<b>Non-current assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures	23,078,254	23,383,700
Accumulated depreciation	(19,526,594)	(19,270,643)
Buildings and structures, net	3,551,660	4,113,056
Machinery, equipment and vehicles	902,801	933,951
Accumulated depreciation	(758,875)	(773,352)
Machinery, equipment and vehicles, net	143,925	160,599
Land	3,094,528	3,054,228
Leased assets	1,896,160	1,918,253
Accumulated depreciation	(1,179,175)	(1,242,783)
Leased assets, net	716,984	675,470
Construction in progress	11,323	27,560
Other	6,812,601	7,266,185
Accumulated depreciation	(5,672,667)	(6,001,983)
Other, net	1,139,933	1,264,202
<b>Total property, plant and equipment</b>	<b>8,658,356</b>	<b>9,295,117</b>
<b>Intangible assets</b>		
Goodwill	1,084,225	1,005,170
Other	945,343	763,237
<b>Total intangible assets</b>	<b>2,029,569</b>	<b>1,768,407</b>
<b>Investments and other assets</b>		
Investment securities	636,868	971,854
Long-term loans receivable	624,276	607,810
Guarantee deposits	3,998,578	3,947,385
Deferred tax assets	1,410,700	1,712,459
Other	374,044	296,088
Allowance for doubtful accounts	(4,096)	(3,253)
<b>Total investments and other assets</b>	<b>7,040,372</b>	<b>7,532,345</b>
<b>Total non-current assets</b>	<b>17,728,297</b>	<b>18,595,870</b>
<b>Deferred assets</b>	<b>134,166</b>	<b>109,353</b>
<b>Total assets</b>	<b>34,376,583</b>	<b>35,733,631</b>

(Thousands of yen)

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable - trade	1,888,789	1,858,935
Current portion of bonds payable	935,000	972,500
Current portion of long-term borrowings	1,051,626	1,164,678
Lease liabilities	190,420	185,222
Accounts payable - other	2,631,668	3,087,153
Income taxes payable	81,741	504,834
Provision for bonuses	470,647	606,149
Provision for loss on store closings	-	11,534
Other	1,939,752	1,528,933
<b>Total current liabilities</b>	<b>9,189,645</b>	<b>9,919,941</b>
<b>Non-current liabilities</b>		
Bonds payable	4,165,000	3,192,500
Long-term borrowings	3,940,917	3,740,382
Lease liabilities	1,166,441	1,045,214
Deferred tax liabilities for land revaluation	82,947	82,947
Provision for retirement benefits for directors (and other officers)	27,753	27,753
Provision for share awards for directors (and other officers)	29,170	39,920
Retirement benefit liability	23,486	21,210
Asset retirement obligations	1,182,199	1,204,349
Other	513,168	300,299
<b>Total non-current liabilities</b>	<b>11,131,083</b>	<b>9,654,576</b>
<b>Total liabilities</b>	<b>20,320,729</b>	<b>19,574,518</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	11,077,683	11,077,683
Capital surplus	4,935,240	4,481,953
Retained earnings	(1,543,803)	707,858
Treasury shares	(120,009)	(119,707)
<b>Total shareholders' equity</b>	<b>14,349,111</b>	<b>16,147,788</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	260,385	494,735
Deferred gains or losses on hedges	14,471	8,008
Revaluation reserve for land	(923,897)	(923,897)
Foreign currency translation adjustment	16,144	9,359
<b>Total accumulated other comprehensive income</b>	<b>(632,896)</b>	<b>(411,795)</b>
<b>Non-controlling interests</b>	<b>339,639</b>	<b>423,120</b>
<b>Total net assets</b>	<b>14,055,853</b>	<b>16,159,113</b>
<b>Total liabilities and net assets</b>	<b>34,376,583</b>	<b>35,733,631</b>

(2) Consolidated Statements of Income and Comprehensive Income  
(Consolidated Statement of Income)

	(Thousands of yen)	
	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net sales	54,505,020	60,228,472
Cost of sales	18,995,066	20,792,382
Gross profit	35,509,953	39,436,089
Selling, general and administrative expenses		
Remuneration for directors (and other officers)	206,220	240,790
Provision for share awards for directors (and other officers)	9,750	11,024
Salaries and allowances	16,262,453	17,052,518
Employees' bonuses	364,927	361,982
Provision for bonuses	462,738	588,682
Welfare expenses	1,607,304	1,758,968
Retirement benefit expenses	184,375	186,819
Utilities expenses	2,855,000	2,271,533
Supplies expenses	1,582,173	1,719,304
Rent expenses	5,804,149	5,605,892
Repair expenses	786,989	959,217
Depreciation	1,575,368	1,646,468
Miscellaneous expenses	4,325,339	4,745,004
Amortization of goodwill	89,909	130,582
Total selling, general and administrative expenses	36,116,700	37,278,789
Operating profit (loss)	(606,746)	2,157,300
Non-operating income		
Interest income	8,881	7,224
Dividend income	21,435	24,757
Rental income from buildings	65,300	60,081
Foreign exchange gains	9,209	65,708
Miscellaneous income	70,344	72,159
Total non-operating income	175,171	229,930
Non-operating expenses		
Interest expenses	119,383	108,316
Rental expenses on real estate	46,461	43,358
Miscellaneous losses	71,953	73,372
Total non-operating expenses	237,798	225,048
Ordinary profit (loss)	(669,373)	2,162,182
Extraordinary income		
Gain on sales of non-current assets	2,690	3,285
Compensation income	-	66,676
Gain on extinguishment of tie-in shares	19,867	-
Gain on cancellation of leasehold contracts	32,247	1,151
Total extraordinary income	54,805	71,112
Extraordinary losses		
Loss on retirement of non-current assets	36,667	26,671
Loss on sale of non-current assets	65	194
Loss on valuation of investment securities	2,796	2,597
Impairment losses	731,987	204,112
Loss on store closings	66,213	16,932
Provision for loss on store closings	-	11,448
Litigation settlement	20,000	-
Total extraordinary losses	857,731	261,956
Profit (loss) before income taxes	(1,472,299)	1,971,339

	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023) (Apr. 1, 2023 – Mar. 31, 2024)	
Income taxes - current	183,321	495,036
Income taxes - deferred	(264,723)	(405,555)
Total income taxes	(81,401)	89,480
Profit (loss)	(1,390,897)	1,881,858
Profit attributable to non-controlling interests	60,447	83,480
Profit (loss) attributable to owners of parent	(1,451,345)	1,798,378

## (Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Profit (loss)	(1,390,897)	1,881,858
Other comprehensive income		
Valuation difference on available-for-sale securities	47,125	234,350
Deferred gains or losses on hedges	(35,053)	(6,462)
Foreign currency translation adjustment	351	(6,785)
Total other comprehensive income	12,423	221,101
Comprehensive income	(1,378,473)	2,102,960
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(1,438,921)	2,019,479
Comprehensive income attributable to non-controlling interests	60,447	83,480

## (3) Consolidated Statement of Changes in Equity

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	10,454,085	4,311,642	145,310	(120,009)	14,791,028
Changes during period					
Issuance of new shares	623,597	623,597			1,247,195
Dividends of surplus			(199,359)		(199,359)
Reversal of revaluation reserve for land			(38,408)		(38,408)
Loss attributable to owners of parent			(1,451,345)		(1,451,345)
Net changes in items other than shareholders' equity					
Total changes during period	623,597	623,597	(1,689,113)	-	(441,917)
Balance at end of period	11,077,683	4,935,240	(1,543,803)	(120,009)	14,349,111

(Thousands of yen)

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income			
Balance at beginning of period	213,260	49,524	(962,306)	15,793	(683,728)	3,914	279,191	14,390,406
Changes during period								
Issuance of new shares								1,247,195
Dividends of surplus								(199,359)
Reversal of revaluation reserve for land								(38,408)
Loss attributable to owners of parent								(1,451,345)
Net changes in items other than shareholders' equity	47,125	(35,053)	38,408	351	50,831	(3,914)	60,447	107,364
Total changes during period	47,125	(35,053)	38,408	351	50,831	(3,914)	60,447	(334,552)
Balance at end of period	260,385	14,471	(923,897)	16,144	(632,896)	-	339,639	14,055,853

FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	11,077,683	4,935,240	(1,543,803)	(120,009)	14,349,111
Changes during period					
Deficit disposition		(453,283)	453,283		-
Profit attributable to owners of parent			1,798,378		1,798,378
Disposal of treasury shares		(2)		301	299
Net changes in items other than shareholders' equity					
Total changes during period	-	(453,286)	2,251,662	301	1,798,677
Balance at end of period	11,077,683	4,481,953	707,858	(119,707)	16,147,788

(Thousands of yen)

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	260,385	14,471	(923,897)	16,144	(632,896)	339,639	14,055,853
Changes during period							
Deficit disposition							-
Profit attributable to owners of parent							1,798,378
Disposal of treasury shares							299
Net changes in items other than shareholders' equity	234,350	(6,462)	-	(6,785)	221,101	83,480	304,582
Total changes during period	234,350	(6,462)	-	(6,785)	221,101	83,480	2,103,260
Balance at end of period	494,735	8,008	(923,897)	9,359	(411,795)	423,120	16,159,113

## (4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
<b>Cash flows from operating activities</b>		
Profit (loss) before income taxes	(1,472,299)	1,971,339
Depreciation	1,595,169	1,650,230
Amortization of goodwill	89,909	130,582
Impairment losses	731,987	204,112
Increase (decrease) in provision for bonuses	(24,917)	135,502
Increase (decrease) in allowance for doubtful accounts	782	(925)
Increase (decrease) in provision for loss on store closings	-	11,448
Increase (decrease) in retirement benefit liability	(187,915)	(2,276)
Interest and dividend income	(30,316)	(31,981)
Interest expenses	119,383	108,316
Compensation income	-	(66,066)
Gain on sale of non-current assets	(2,690)	(3,285)
Loss on retirement of non-current assets	36,667	26,671
Loss on sale of non-current assets	65	194
Loss (gain) on valuation of investment securities	2,796	2,597
Gain on cancellation of leasehold contract	(32,247)	(1,151)
Loss (gain) on extinguishment of tie-in shares	(19,867)	-
Decrease (increase) in trade receivables	(388,640)	(569,958)
Decrease (increase) in inventories	(292,908)	(18,551)
Decrease (increase) in accounts receivable - other	1,531,763	(70,252)
Increase (decrease) in trade payables	218,700	(30,939)
Increase (decrease) in accounts payable - other	121,260	263,852
Increase (decrease) in accrued consumption taxes	964,911	(278,023)
Decrease (increase) in consumption taxes refund receivable	100,787	31,275
Other, net	182,890	100,238
<b>Subtotal</b>	<b>3,245,272</b>	<b>3,562,951</b>
Interest and dividends received	21,823	24,643
Interest paid	(120,983)	(109,609)
Proceeds from compensation	-	66,066
Income taxes paid	(1,107,720)	(79,715)
Income taxes refund	37,522	262,910
<b>Net cash provided by (used in) operating activities</b>	<b>2,075,913</b>	<b>3,727,246</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(1,741,537)	(2,116,578)
Proceeds from sale of property, plant and equipment	3,081	43,149
Purchase of intangible assets	(240,001)	(99,967)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(830,687)	-
Payments for acquisition of businesses	-	(115,120)
Payments for asset retirement obligations	(108,429)	(122,612)
Payments of guarantee deposits	(104,534)	(101,303)
Proceeds from refund of guarantee deposits	233,683	210,425
Payments of construction assistance fund receivables	(38,500)	(42,726)
Proceeds from collection of construction assistance fund receivables	80,124	75,220
Other, net	(54,959)	(23,221)
<b>Net cash provided by (used in) investing activities</b>	<b>(2,801,759)</b>	<b>(2,292,734)</b>



	(Thousands of yen)	
	FY3/23	FY3/24
	(Apr. 1, 2022 – Mar. 31, 2023)	(Apr. 1, 2023 – Mar. 31, 2024)
<b>Cash flows from financing activities</b>		
Proceeds from long-term borrowings	1,019,000	1,000,000
Repayments of long-term borrowings	(949,541)	(1,087,921)
Repayments of finance lease liabilities	(201,847)	(193,238)
Redemption of bonds	(935,000)	(935,000)
Proceeds from issuance of shares resulting from exercise of share acquisition rights	1,235,749	-
Dividends paid	(199,359)	-
Other, net	-	98
<b>Net cash provided by (used in) financing activities</b>	<b>(30,998)</b>	<b>(1,216,062)</b>
Effect of exchange rate change on cash and cash equivalents	743	2,724
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(756,101)</b>	<b>221,174</b>
Cash and cash equivalents at beginning of period	12,834,637	12,150,379
Increase in cash and cash equivalents resulting from merger with unconsolidated subsidiaries	71,843	-
<b>Cash and cash equivalents at end of period</b>	<b>12,150,379</b>	<b>12,371,553</b>

## **(5) Notes to Consolidated Financial Statements**

### **Going Concern Assumption**

Not applicable.

### **Segment and Other Information**

#### **Segment information**

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023) and FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Omitted since the Group has only a single business segment of food service business.

#### **Related information**

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023) and FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

##### 1. Information by product and service

Omitted since sales to external customers which account for more than 90% of net sales shown on the consolidated statement of income are derived from a single product or service category.

##### 2. Information by region

###### (1) Net sales

Omitted since sales to external customers in Japan exceeded 90% of net sales on the consolidated statement of income.

###### (2) Property, plant and equipment

Omitted since property, plant and equipment in Japan exceeded 90% of property, plant and equipment on the consolidated balance sheet.

##### 3. Information by major client

Omitted since no external customer accounts for more than 10% of net sales on the consolidated statement of income.

### **Information related to impairment losses on non-current assets for each reportable segment**

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023) and FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Omitted since the Group has only a single business segment of food service business.

### **Information related to goodwill amortization and the unamortized balance for each reportable segment**

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023) and FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Omitted since the Group has only a single business segment of food service business.

### **Information related to gain on bargain purchase for each reportable segment**

FY3/23 (Apr. 1, 2022 – Mar. 31, 2023) and FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)

Not applicable.

**Per-share Information**

(Yen)

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net assets per share	331.70	380.55
Net income (loss) per share	(35.40)	43.49

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive securities, though posted a net loss.

2. The Company's shares held by Custody Bank of Japan, Ltd. (Trust Account) as trust assets of the Officer's Share Benefit Trust are included in treasury shares, which are deducted from the total number of outstanding shares at the end of the period for the purpose of calculating net assets per share (119,000 shares for FY3/23 and 118,700 shares for FY3/24).

For calculation of net income (loss) per share and diluted net income per share is included in treasury shares, which is deducted from the calculation of the average number of shares during the period (119,000 shares for FY3/23 and 118,725 shares for FY3/24).

3. Basis for calculating net assets per share is as follows.

	FY3/23 (As of Mar. 31, 2023)	FY3/24 (As of Mar. 31, 2024)
Total net assets (Thousands of yen)	14,055,853	16,159,113
Deduction on total net assets (Thousands of yen)	339,639	423,120
[of which non-controlling interests (Thousands of yen)]	[339,639]	[423,120]
Net assets applicable to common shares (Thousands of yen)	13,716,214	15,735,993
Number of common shares at end of period used in calculation of net assets per share (Shares)	41,350,841	41,351,141

4. Basis for calculating net income (loss) per share is as follows.

	FY3/23 (Apr. 1, 2022 – Mar. 31, 2023)	FY3/24 (Apr. 1, 2023 – Mar. 31, 2024)
Net income (loss) per share		
Profit (loss) attributable to owners of parent (Thousands of yen)	(1,451,345)	1,798,378
Amounts not available to common shareholders (Thousands of yen)	-	-
Profit (loss) attributable to owners of parent applicable to common shares (Thousands of yen)	(1,451,345)	1,798,378
Average number of common shares outstanding during the period (Shares)	40,995,210	41,351,116

**Subsequent Events**

Not applicable.

*This financial report is solely a translation of the Company's Kessan Tanshin (including attachments) in Japanese, which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*